



Mobile Ad Spends - India

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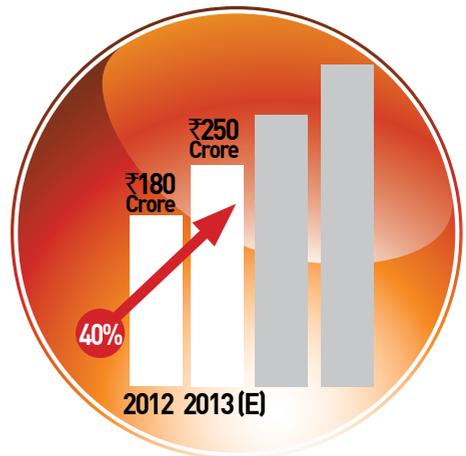


Mobile ad spends in India set to grow at 40%; to reach ₹250 crore in 2013

In a matter of five short years, the mobile landscape in India has transformed from voice and text-based handsets that were finding their way in the remotest corners of the country and in the hands of the most unlikely users, to a market that is talking apps, augmented reality, different kinds of OS and versions of Android, iPhone, BlackBerry and the likes -- in all making India a nation that goes to sleep, and wakes up, with a handset every single day. India is one of the hottest mobile markets at present given the sheer number of handsets and subscribers in the market. The Telecom Regulatory Authority of India (TRAI) has put active mobile connections of 91.35 crore (913.49 million) in July 2012. This makes mobile one of the most widespread media for any marketer in India. The only question now is: how one taps then potential of this medium.

Mobile Marketing Association (MMA) has over the years observed how this thought process has led to the emergence of a sophisticated mobile ecosystem that is making way for different kinds of business models to thrive – all in the course of fuelling mobile marketing, a terminology that is yet to find its true form even in the most developed markets. The exchange4media Group, given its domain expertise in advertising across media has looked at the mobile advertising space with the same lens.

One of the first challenges that mobile faces in becoming a marketing medium to reckon with, is the absence of a widely accepted metric that can gauge how the medium has delivered for those who have invested in it, and become a currency. MMA and exchange4media agree that not only



Mobile ad spends are expected to grow at a stupendous growth rate of 40%

metrics, but even a sense of overall ad spends in the medium is lacking, which too contributes to hold back spends in mobile. At present, industry estimates for mobile ad spends in 2012 range anywhere from ₹ 125 crore to ₹ 225 crore (\$22 million to \$40 million). In India, most advertisers and agency heads (we interacted and engaged with for to help generate this report) believe that mobile is yet a minuscule portion of total ad spends – hence measuring it is difficult. But like anything digital, mobile is set to grow at a trailblazing pace.

₹180 Crore = \$33 million; ₹ 250 Crore = \$50 million;
\$1 (USA) = ₹ 55 approximately

Mobile Marketing Association (MMA), powered by exchange4media, Mobile Ad Spend Figure: ₹ 180 crore in 2012

According to various forecasts and firsthand observation of spends in the digital domain, the overall digital ad spends in India at present pegged in the vicinity of ₹ 1,800 crore - ₹ 1,900 crore (\$327 million - \$345 million). The reasons for this is that for many large advertisers, digital still is 10 per cent to 25 per cent of their overall ad budgets in India, given that traditional media still continues to deliver – most importantly,



Mobile phones have gone beyond delivering voice communications. This provides monetization opportunities for operators, partners and app developers – who help us reach a wide base

Viral Oza | Marketing Director, Nokia

there are measurement metrics for these media making it easier for a marketer to bet on TV, print, radio and so on. Many advertisers are yet not exploring the medium at all bringing the overall digital spends in India at 5-7 per cent of the overall advertising pie in India, which is pegged at ₹ 27,000 crore - ₹ 28,000 crore (\$5 billion - \$5.1 billion) according industry estimates.

Of the overall digital pie, a significant portion is consumed by search and display verticals. In a manner of speaking both are older verticals that have over the years seen companies such as Google and Yahoo truly develop and build the verticals. The younger kids on the block are Social and Mobile, which also at present command a smaller share of the genre.

MMA and exchange4media conversations with industry leaders including brands and agencies indicate that mobile advertising is 10 per cent of overall digital advertising spends in India. Given the overall digital pie, mobile advertising will be in the vicinity of ₹ 180 crore (\$33 million). MMA believes that there are more than 12 crore (120 million) mobile internet users in India.

Havas Media's APAC CEO, Vishnu Mohan observed that much of the adoption of the space has taken place in the last year or so. People are realistically getting to see the value of mobile only now.

But it is the percentage growth of mobile that makes all the difference. MMA and exchange4media numbers show that mobile advertising is expected to grow at 40 per cent this year. There are various reasons attributed to this, and just about all industry stakeholders reiterate that 2013 would take mobile medium a strong step forward.

Ashish Bhasin, Chairman and CEO, Aegis Media South Asia explained that not only in India, but globally, mobile has been a tough medium to monetise. Marketers are bullish on the medium but they are not putting money on the table yet, and so the spends are still much lower than what can be expected from a medium as widespread and highly used as mobile. But this scenario is set to change and mobile will see a greater than 40 per cent growth next year."

Where will the growth come from?

The first point about mobile is that it would no longer remain a subset to digital. The growth in digital media has been fuelled by display and search, and both of these verticals are finding their 'mobi' versions already. In fact, the three legs that would push mobile advertising in 2013 would be Display, Search and SMS. Marketers already are looking at mobile advertising as a viable tool of reaching out to the audience, making traditional measurement metrics like CPA, CPC, CPM, CPT redundant.

MMA and exchange4media numbers also show that search and SMS (measured and opt-in)



On one hand, mobile gives the opportunity for massive scale and on the other hand, it has the ability to target down to the individual, who is right for your brand

Mohit Beotra | Head, Emerging Business, Airtel

are already the largest contributors to mobile advertising spends in India, and will play a vital role in taking the medium's ad spends to greater than ₹ 250 crore (\$50 million) in 2013. They allow targeted advertising, which for most marketers is the ideal situation where no advertising dollar is ever wasted.

However, with the government getting strict

with DND (Do Not Disturb), SMS marketing is now becoming more relevant and consumer opt in policy would help drive the right level of engagement aided with usage of end of call notification as a messaging point.

Shashi Sinha, CEO, Lodestar UM pointed out that the power of mobile would be seen in what lies ahead, especially in a market like India.

The evolving infrastructure in India is the



Growth of ad spends, and the constant evolution of mobile, will make it a standalone medium that will act as a connecting tissue for traditional media

Rohit Dadwal | MD, Mobile Marketing Association APAC

second point that will bring a drastic growth to mobile. First on this list is the availability of cheaper smart-phones. According to Nielsen, in 2012, smart-phones already were nine per cent of overall handsets in urban India and even in tier-two markets, smart-phone penetration was at a healthy 6 per cent. As more Indian players join the handset and tablet manufacturing race and the competition in that sector thickens, smart-phones and tablets that are already available for anywhere between ₹ 2,000 to ₹ 30,000 (\$36 to \$545) will drop even further. Sellers will also find more ways on making these easily available to the growing youth population in India, which at present forms the largest quorum of the Indian consumer demographics. The second contributor to this would be wider prevalence of 3G and the advent of 4G. The rates of 3G are already being rationalised in India and are coming down to price-points that would make it more widely used.

Internet surfing on mobile devices would become common play once these dynamics kick in and mobile would become a full-blown media in its own right, with its own subsets by then.

The emergence of the SoLoMo (social, local and mobility) will be third vital point towards the growth of mobile. No other medium would have the ability to bring this triumvirate together in this fashion. The power this gives to a marketer to not only communicate a relevant message in the right context at the right time but also eventually drive the consumer into action.

Transitioning to Mobile Marketing

'The year of the mobile is here' - the statement has been made too many times and every year, the question is posed again - when would the year of mobile finally be seen? Many markets are already seeing the first traces of it but their own admission mobile advertising in India is at best in exploratory mode.

The Indian industry is in the first chapter of the mobile marketing book. But when advertisers as different as Nike, Max Life Insurance and McDonald's in India begin using technologies such as augmented reality to connect for a new brand or launch apps that makes it easier for the consumers to interact with the brands, then you know, that the time of mobile marketing, and not just mobile advertising is indeed already here. Mobile advertising will soon be a leg of mobile marketing in India that, courtesy the intense work of the service providers and the burgeoning players of the mobile ecosystem in India, will see many facets including value added services, promotions on mobile, apps as a medium in itself and much, much more. So it is no longer the year of mobile, but a "decade of mobile marketing and advertising" dawns upon us.

Vishnu Mohan remarked, "What efforts of the



It is not enough to just mobile optimize your website. The medium needs to independently deliver a brand experience and going forward an opportunity to do a mobile brand campaign

Rameet Arora | Senior Director, McDonald's India - South & West

MMA and exchange4media can do in form of the mobile awards is to showcase the value of the medium in isolation and not in appendage. It shows what people who have invested in it have achieved from the medium on its own, and there are quite a few good examples to share from already."

The MMA, powered by exchange4media, mobile ad spends in India figures 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, numbers from service providers and reference conversations with other prominent mobile players. ■



SOME AGENCIES WORKING IN THE MOBILE ECO-SYSTEM

AD2C
Affle
Hungama Digital
Ignitee
IMImobile
InMobi
IPG Reprise
Komli
Madhouse
Mindshare
Mobext
Mobile2Win
OnMobile
PHD
Quasar
Vserv.mobi
Zynga

The list is indicative and not exhaustive

A HANDY MOBILE MARKETING GLOSSARY

A Ad Integration

The technical process of defining and making available ad slots within a publisher's site or app

Ad Slot

An area within a mobile site or app that has been made available for display advertising. Different ad slots may represent different sections of a publisher's site or app, or different placements for ads within a single page

C CPA – Cost per Acquisition

The cost to get to a conversion point/getting a customer

CPC – Cost per Click

The price paid by an advertiser for a single click on its ad that brings the end user to its intended destination

CTR – Click-Through-Rate

Click-through rate (CTR) is a way of measuring the success of an online advertising campaign for a particular website. The clickthrough rate of an advertisement is defined as the number of clicks on an ad divided by the number of times the ad is shown (impressions), expressed as a percentage. For example, if a banner ad is delivered 100 times and receives one click, then the clickthrough rate for the ad would be 1%.

D Daily Budget

The amount an advertiser is willing to spend on an ad campaign each day

Destination Type

The type of action an advertiser can choose

for his ad creative, for example a link to the advertiser's site, or a call to a defined number

E EOCN – End of Call Notification

Also known as Post Call Notification. The service notifies the prepaid mobile users of their latest balance immediately after an outgoing call.

F Fill Rate

The percentage of ad requests that are filled with ads (that is, where an ad is displayed to the end user)

I Impression

An impression is generated every time an end user views an ad

K Keyword

A word or name used to distinguish a targeted message within a Short-Code service

L Location Based Service

LBS include services to identify a location of a person or object, such as discovering the nearest banking cash machine or the whereabouts of a friend or employee

M MMA

The Mobile Marketing Association (MMA) is the premier global association that strives to stimulate the growth of mobile marketing

O Overall budget

The total an advertiser is willing to spend on a campaign. The overall budget is defined

P Push

Media adverts that push or drive the message

Q QR Code

The trademark for a type of matrix barcode (or two-dimensional code) that consists of black modules (square dots) arranged in a square pattern on a white background. The information can be read by cameras of smartphones

R RPM

Revenue per thousand search impressions

T Tag

Tags are user-generated keywords that provide a concise description of a campaign, site or app

Tracking

The ability to assess the performance of a site, app or ad campaign

Traffic

The amount of noise, hits or CTR a media campaign gets

U Unique User

A particular individual end user of a site or app

V VAS – Value Added Service

Any service that does more than just offer standard voice calls and fax transmissions.

W WAP – Wireless Application Protocol

A set of protocols for connecting cellular phones and other radio devices to the internet.