

WARC

The State of The Industry: Mobile Marketing in North America

In partnership with:

 **MMA**
MOBILE MARKETING ASSOCIATION

Things to take from this report

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Mobile Disruption

Mobile disruption continues to intensify, with retail and entertainment leading the way in terms of innovation. Half of the surveyed marketing professionals are already feeling the disruption, while the other half are expecting a bigger impact in the near future.

Mobile strategy, budgets and integration

Although mobile is gaining executive support organizations are still not ready: skills and learning are lacking, there is an overall lack of formal mobile strategies and an opportunity to better integrate mobile with traditional media. At the same time marketers still underinvest in mobile, but mobile budgets are set to increase: one out of two marketers will spend a quarter of their budget in mobile in the next five years. More evidence is needed about mobile's effectiveness in order to create more urgency and unlock budgets.

Mobile tactics

Display and search are the most popular forms of mobile advertising but branded content shows the most potential for future growth. Location data is at the core of mobile right now but marketers expect Internet of Things marketing applications to drive mobile growth by 2022.

Barriers and challenges

Measurement of mobile remains a key problem for marketers. Currently, mobile marketing effectiveness is measured primarily through engagement, meaning that marketers don't have a clear view of the ROI of mobile in the mix.

Separately, marketers feel that the cost of advertising is increasing, which reinforces the need for proper measurement that puts mobile at an equal footing with other media and allows marketers to optimize their mix.

Chapter 1

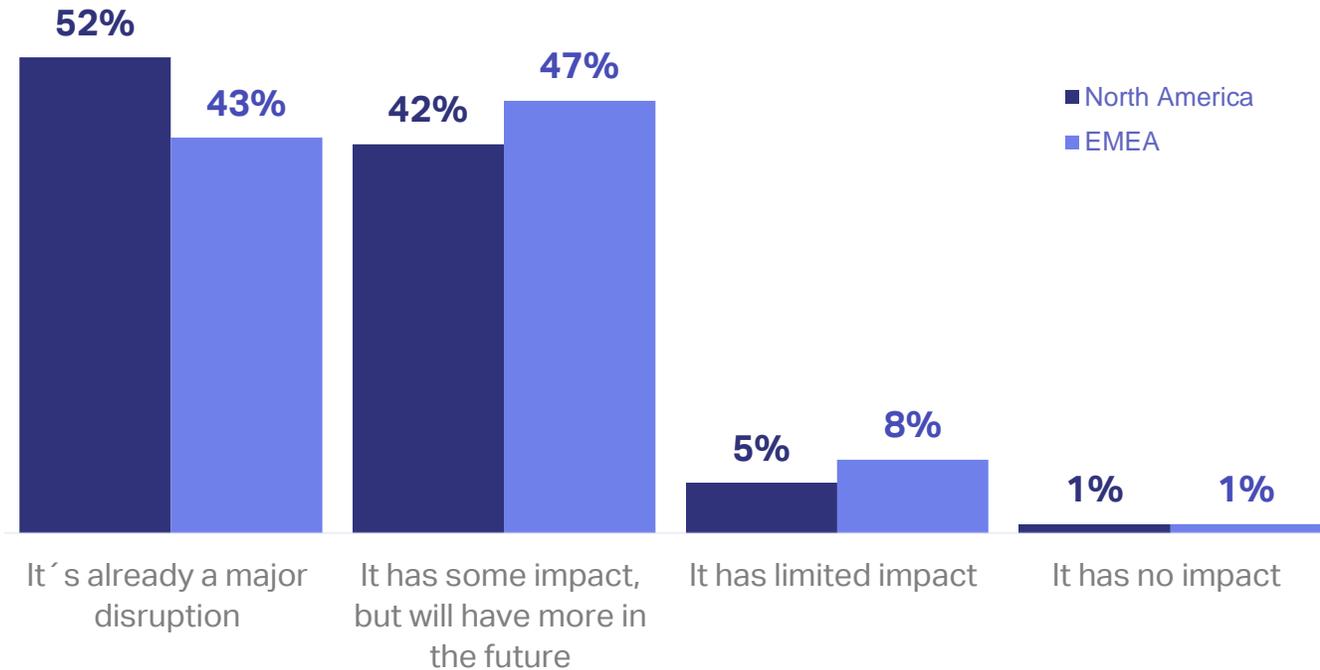
Mobile disruption and innovation



Key Insights

- ✔ Mobile is a major disruption across industries
- ✔ mCommerce and mobile payments are expected to have a big impact in marketing, followed by video
- ✔ Retail is seen as the most innovative sector in mobile, followed by entertainment
- ✔ Amazon is seen as the most innovative brand in North America

Mobile is a major disruption across industries



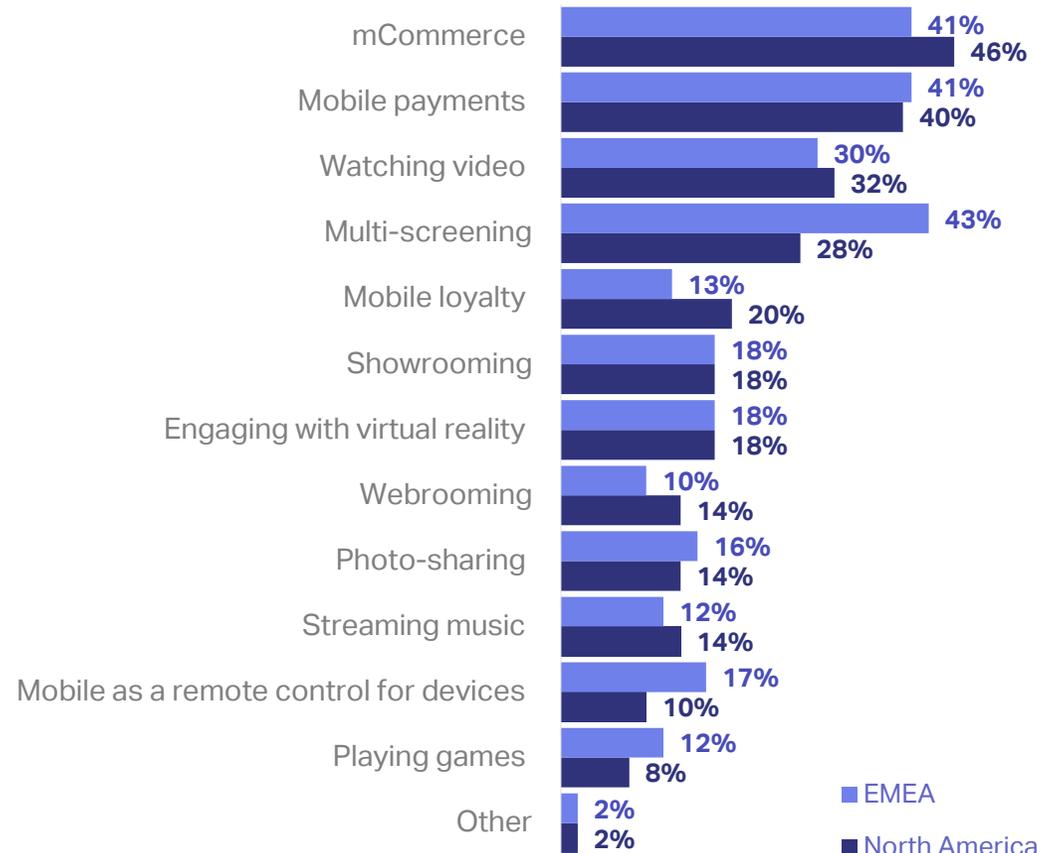
Commentary

- ✓ Across markets, mobile is growing. The rapid penetration of smartphones globally over the past few years means that marketers have had to embrace the channel and focus on the importance of seamless, user-friendly experiences on mobile.
- ✓ In North America, mobile is a major disruption to more than half of marketers, and a further 42% predict are expecting an impact in the future.
- ✓ Marketers in EMEA are slightly less convinced of mobile's disruptive effect: more see it impacting on the future more than the present, and almost 10% think it has limited or no impact to their industry.

All respondents

Q: To what extent do you think mobile is impacting your industry? NA n=350, EMEA n=387

mCommerce and mobile payments are expected to have a big impact in marketing



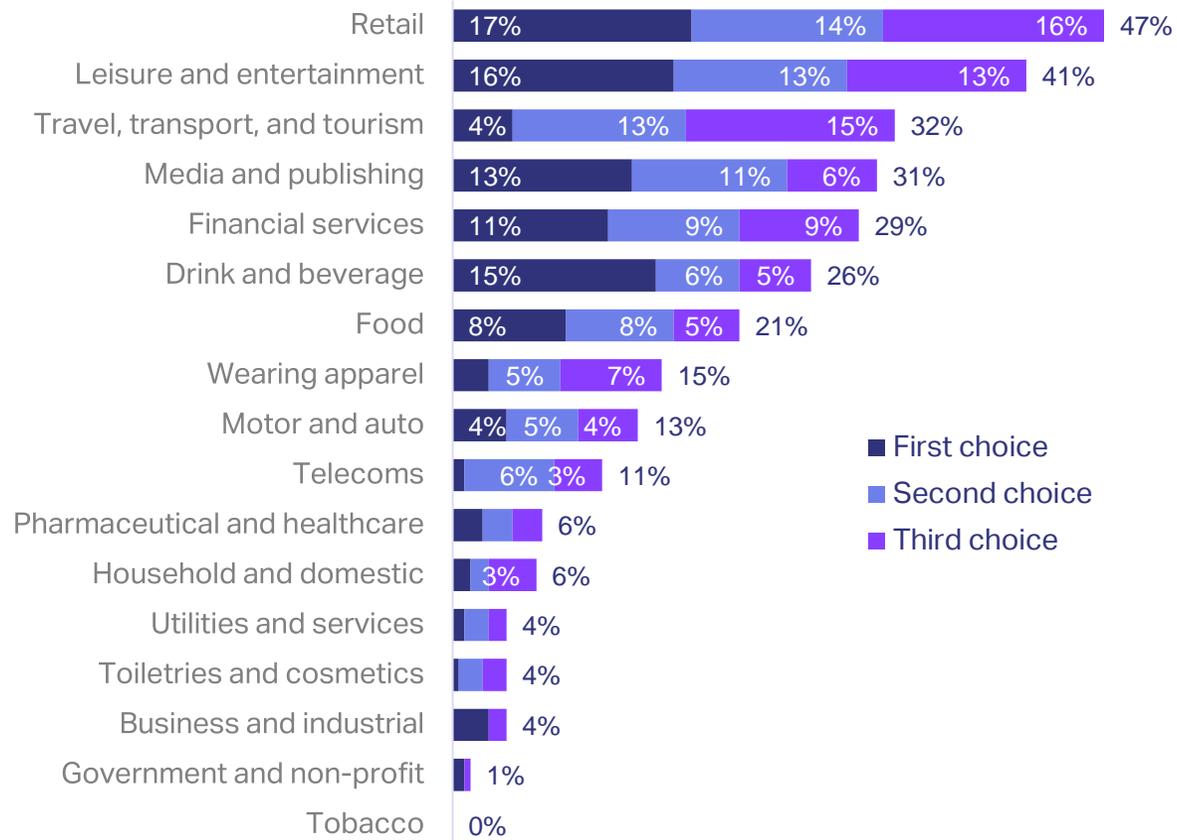
Commentary

- ☑ In North America almost half (46%) of client-side marketers see mCommerce as having the most significance for the marketing industry, followed by mobile payments (40%).
- ☑ Results differ slightly in the EMEA region, where multi-screening is having a bigger impact according to these results (43% selected the latter in EMEA, compared to 28% in North America).

Client-side respondents

Q: Of the following consumer behaviours made possible by mobile, which do you think has the most significance for the marketing industry? North America n=50, EMEA n=103

Retail is seen as the most innovative sector in mobile, followed by entertainment



Commentary

- Respondents were asked to select which sector they thought was most innovative in terms of mobile marketing in their region.
- Retail came out top, selected in total by 47% of respondents and ranked first by 17%.
- Leisure and entertainment came out second, with 16% ranking it as the most innovative sector. Views were more polarizing for drinks and beverages with 15% ranking it first but not a lot of respondents ranking it second or third.

All respondents

Q: In which sectors in North America, are you seeing the most innovation in mobile? n=232

Amazon is seen as the most innovative brand in North America

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"They lead the way in regards to mobile retail best practice"

3 

"They developed a winning messenger that's gained mass use quickly, and they gave scale to user generated live video."

2 

"All encompassing for brand use and loyalty; mobile payment, notifications, loyalty program, free downloads and easy order/pay/pickup."

All respondents

Q: In your experience, which brands do you feel are the most innovative in the mobile space in North America, and in what way? n=203

Commentary

- ✔ When asked what the most innovative brand in their region was, Amazon was cited by the highest percentage of marketers (21%), followed by Starbucks (18%) and Facebook (16%). In fourth, fifth and sixth places were Nike, Google and Apple respectively.
- ✔ Quotes from survey respondents are shown below each, describing why they believe each is the most innovative brand.

Chapter 2

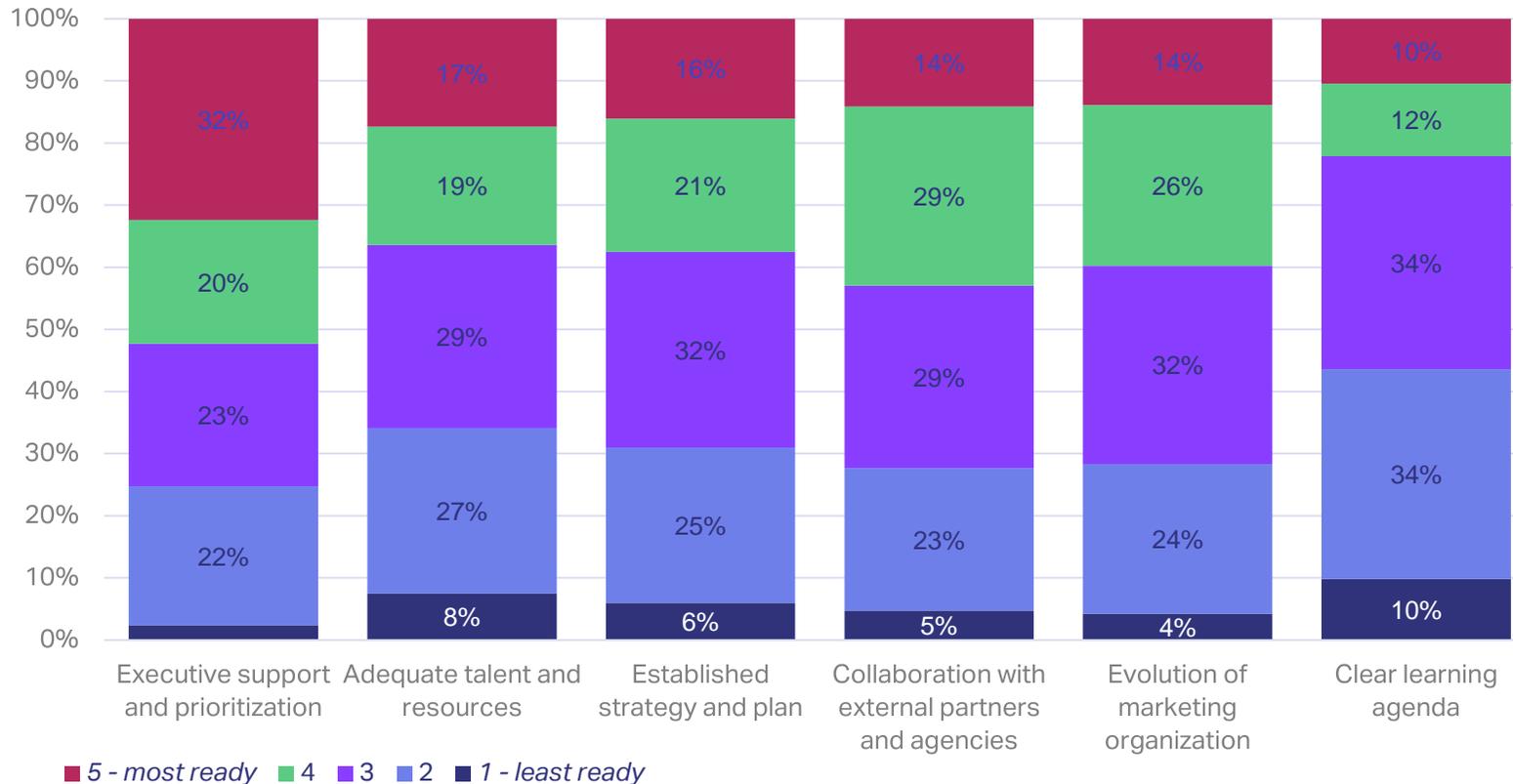
Mobile strategy, budgets and integration



Key Insights

- ✔ Mobile is gaining executive support but skills and learning are lacking.
- ✔ There is a lack of formal mobile strategies and an opportunity to better integrate integrate mobile with traditional media.
- ✔ Mobile is “quite important” but more evidence about its effectiveness is needed in order to create more urgency.
- ✔ Mobile budgets are set to increase. One of two marketers will spend a quarter of their budget in mobile.

Mobile is gaining executive support but skills and learning are lacking



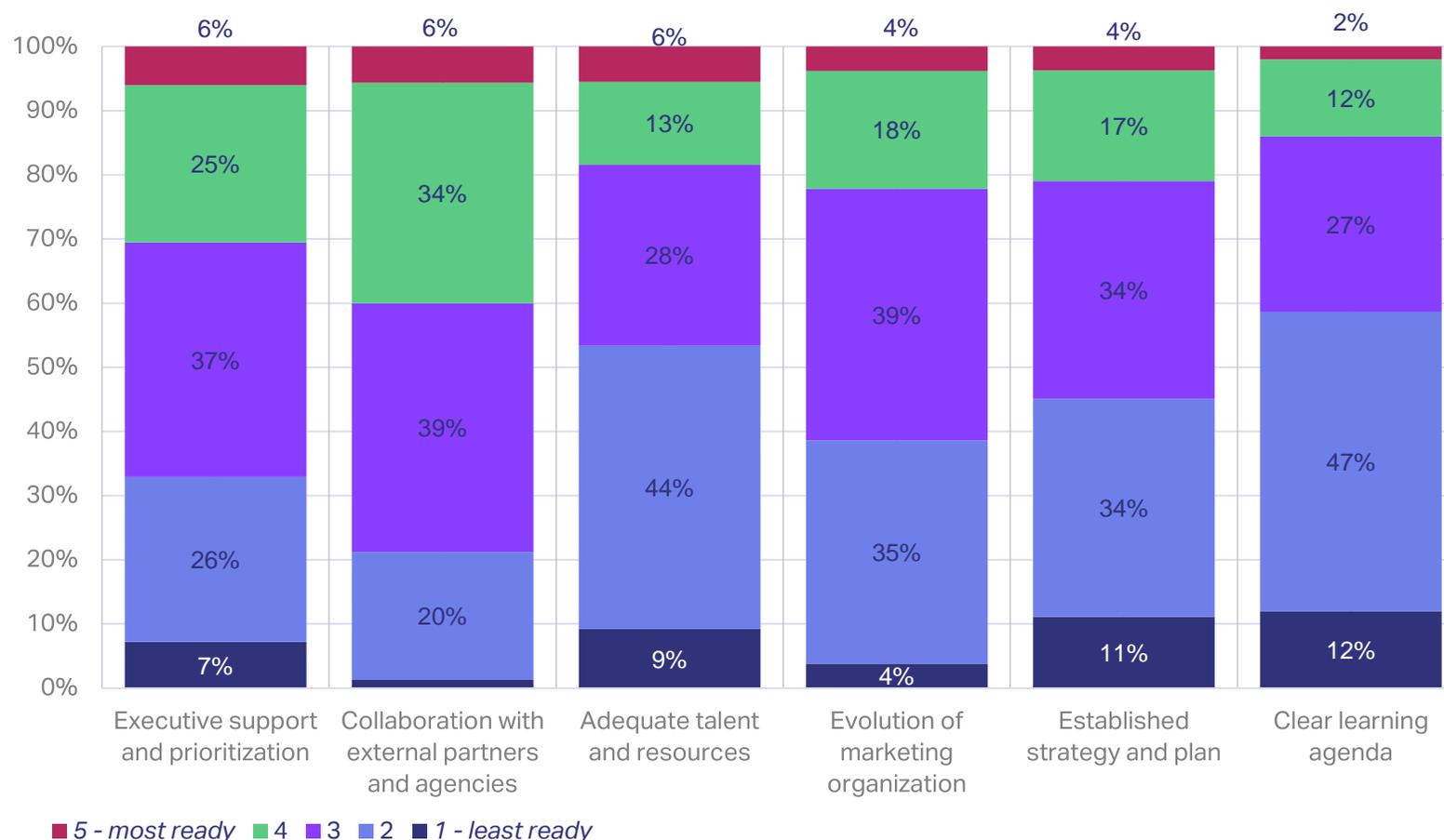
Commentary

- More than half of client-side, media owner and tech vendor respondents said they are 'ready' ('4' or '5' in the 5 point scale) in terms of having the executive support and prioritization for mobile adoption in their company.
- For the majority of parameters, the proportion of respondents ready for mobile adoption is greater than the proportion not ready, which is an encouraging sign, yet at least one third of respondents are unsure ('3').
- An area of work for marketers is the learning agenda for mobile: 44% are not ready ('1' or '2') in this parameter.

Client-side, media owner and tech vendor respondents

Q: How would you rate the level of readiness of your organization when it comes to each of the following parameters in relation to mobile adoption in your company? n=173

Agencies feel that their clients are not ready



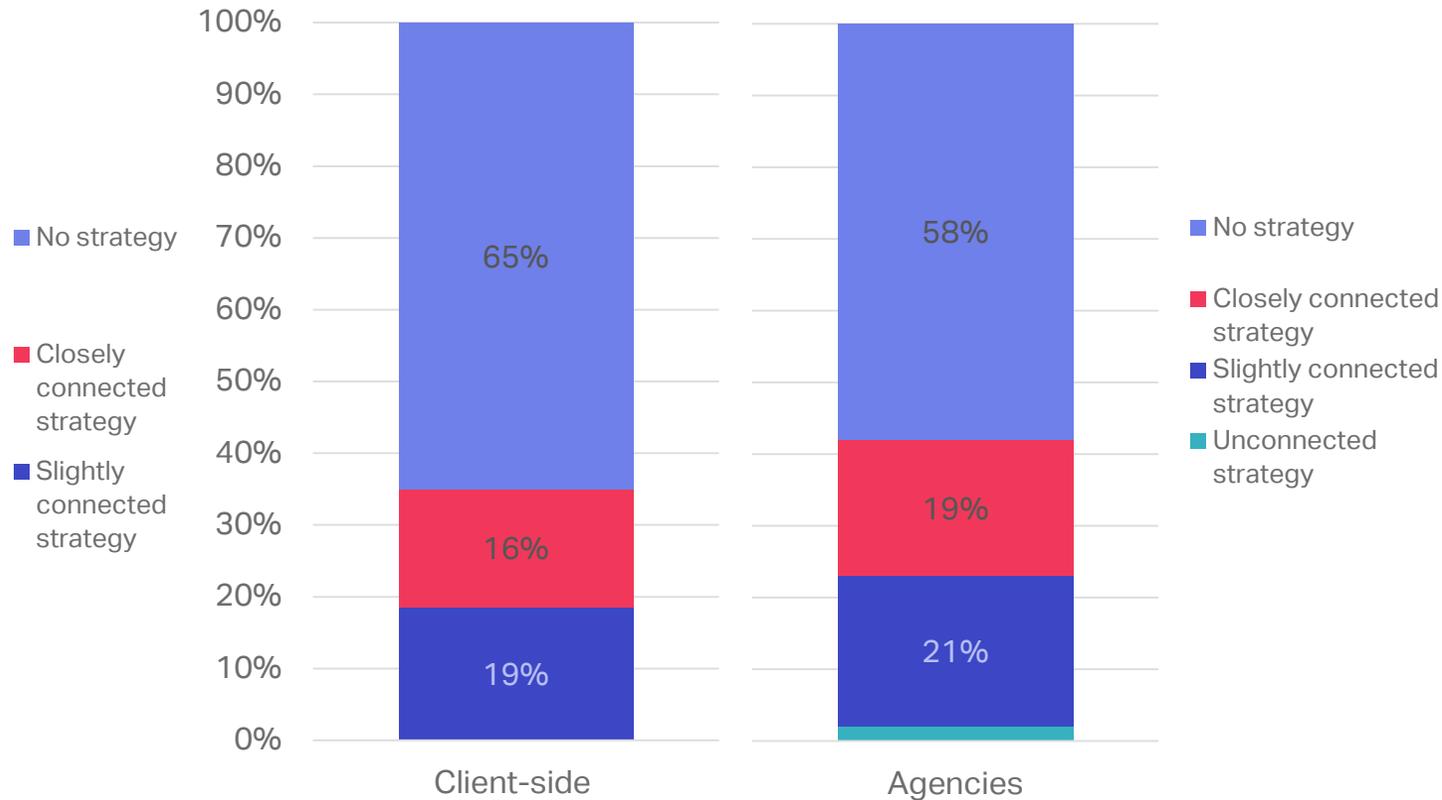
Commentary

- Agencies see their clients as far less ready for mobile. Only 6% of agencies see their clients as fully ready for mobile adoption in terms of executive support and prioritization, compared to 32% of other marketers' assessment of their own readiness.
- Unsurprisingly, the only parameter where agencies see their clients as more ready than not for mobile, is in *collaboration with external partners and agencies*.

Agency respondents

Q: How would you rate the level of readiness of your typical clients' organization when it comes to each of the following parameters in relation to mobile adoption in your company? n=167

There is a lack of formal mobile strategies



Commentary

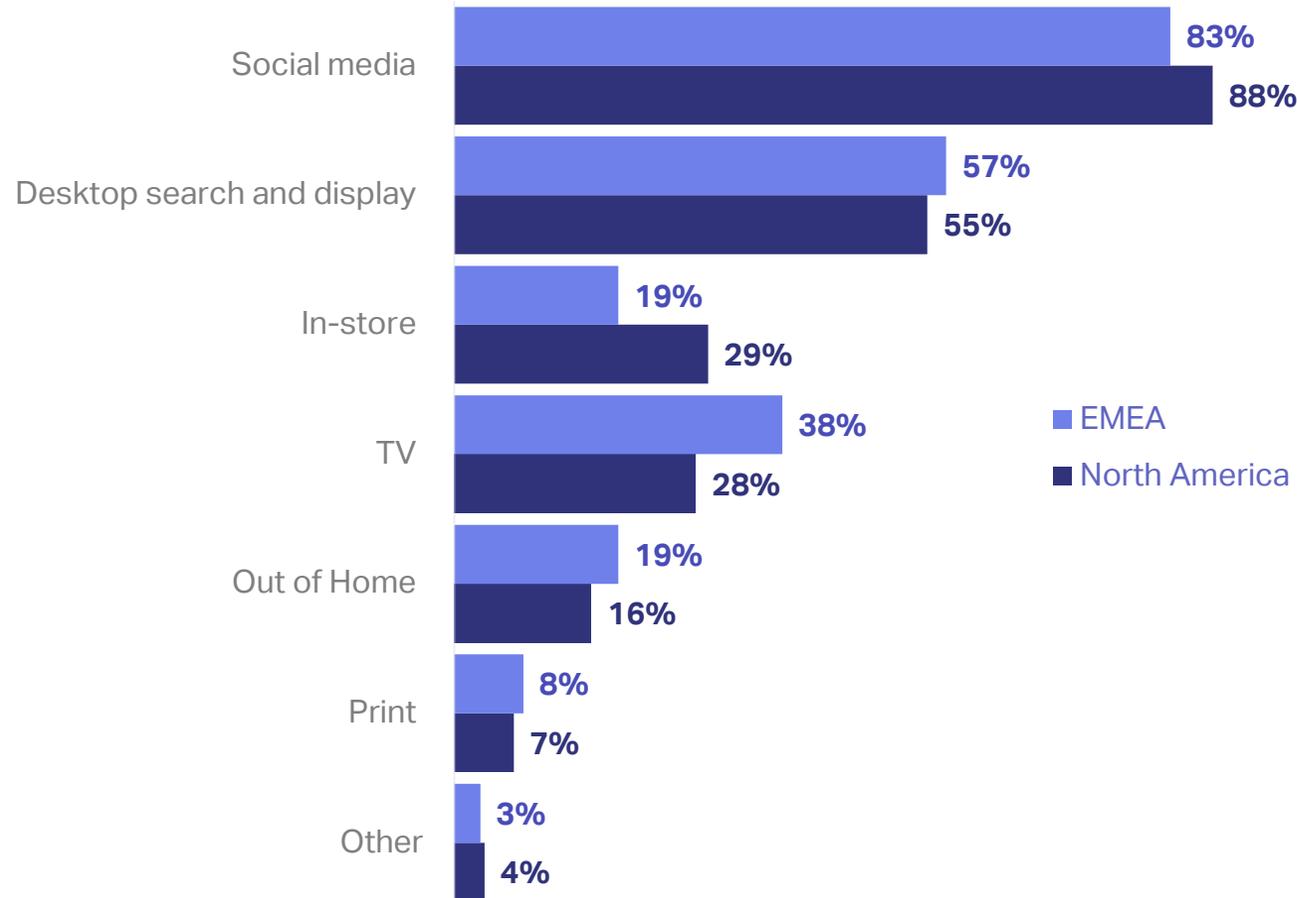
- ☑ The majority (65%) of client-side marketers do not have a formal mobile marketing strategy for their brand. A higher proportion of agencies say their clients have formal mobile marketing strategies, but the majority still said that most of their clients don't yet have a strategy in place.
- ☑ For those that do have a mobile strategy, about half are closely connected to other marketing activities, and the other half are loosely or not connected.

Client-side and agency respondents

Left: Q: Do you have a formal mobile marketing strategy for your brand and if so how closely is it integrated with other marketing activities? n=52

Right: Q: Do your clients have a formal mobile strategy and if so, how closely is it integrated with other marketing activities. n=171

Marketers need to better integrate mobile with traditional media



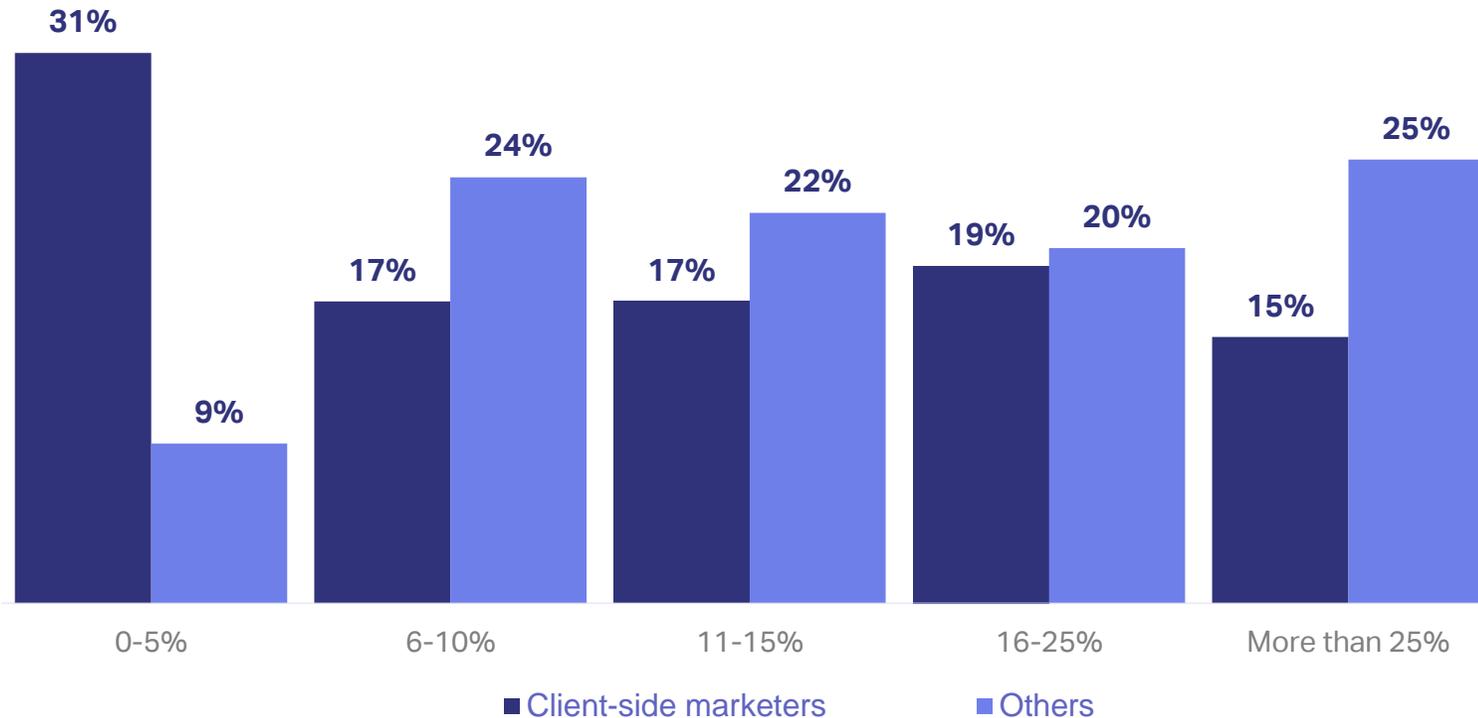
Commentary

- ✔ Social platforms are used widely alongside mobile in campaigns, whereas only 28% said TV is being used frequently with mobile in North America.
- ✔ In North America, of those who selected social media, 97% said they had used Facebook for mobile marketing, followed by Twitter (74%), YouTube (71%) and Instagram (69%). Snapchat has been used by 43%.

All respondents

Q: In your experience, which media channels are used most frequently with mobile? n=346

Marketers still underinvest in mobile, although their sell side counterparts are more optimistic



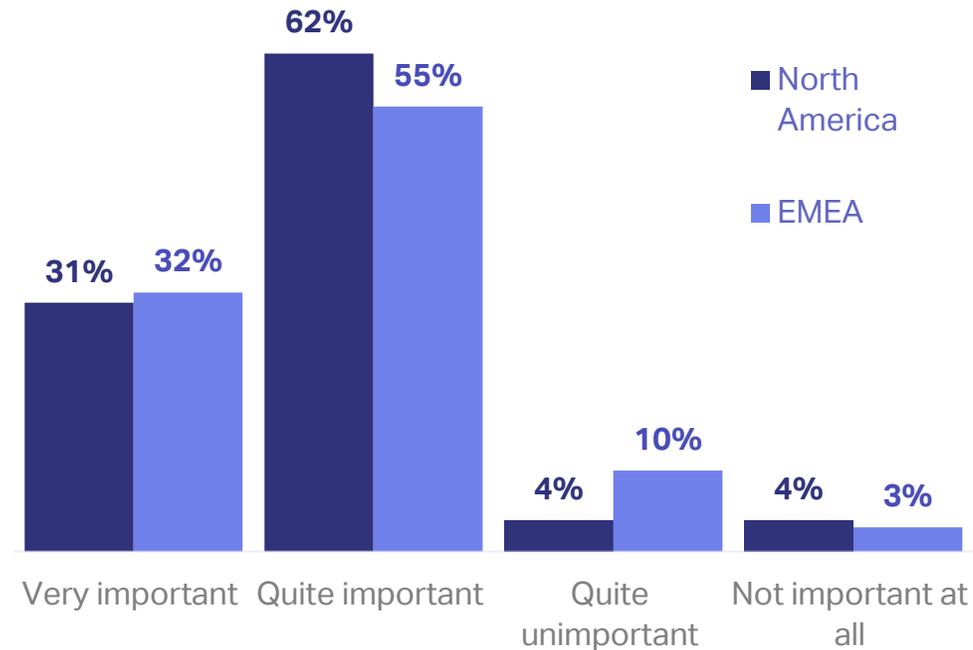
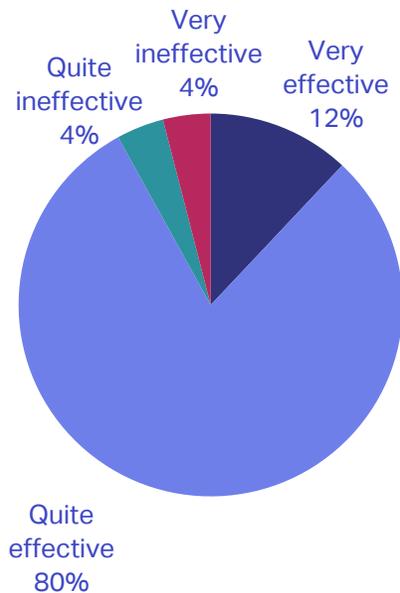
Commentary

- ✔ Client-side marketers are most likely to assign less than 5% of their overall marketing budget to mobile. However, the sell side, answering with their typical client in mind, see much higher proportional budgets being dedicated to mobile.
- ✔ A quarter of the sell-side said their typical client has a mobile budget of more than 25%, indicating that those brands using agencies for the marketing are more likely to be making use of mobile, utilising the agency's expertise in the channel.

Client-side respondents vs. others

Q: What percentage of your, or your clients' typical, overall marketing budget is being allocated to mobile marketing and advertising? Client-side respondents n=52, Other respondents n=287

Mobile is “quite important” but more evidence about its effectiveness is needed in order to create more urgency



Commentary

- ☑ The vast majority of brands find mobile a “quite” effective marketing channel, yet, only few seem to have extensive data and experience to conclude that it’s “very” effective.
- ☑ In line with its effectiveness as a channel, mobile is a priority for more than 90% of marketers in North America, although only a third of them see it as a top priority.

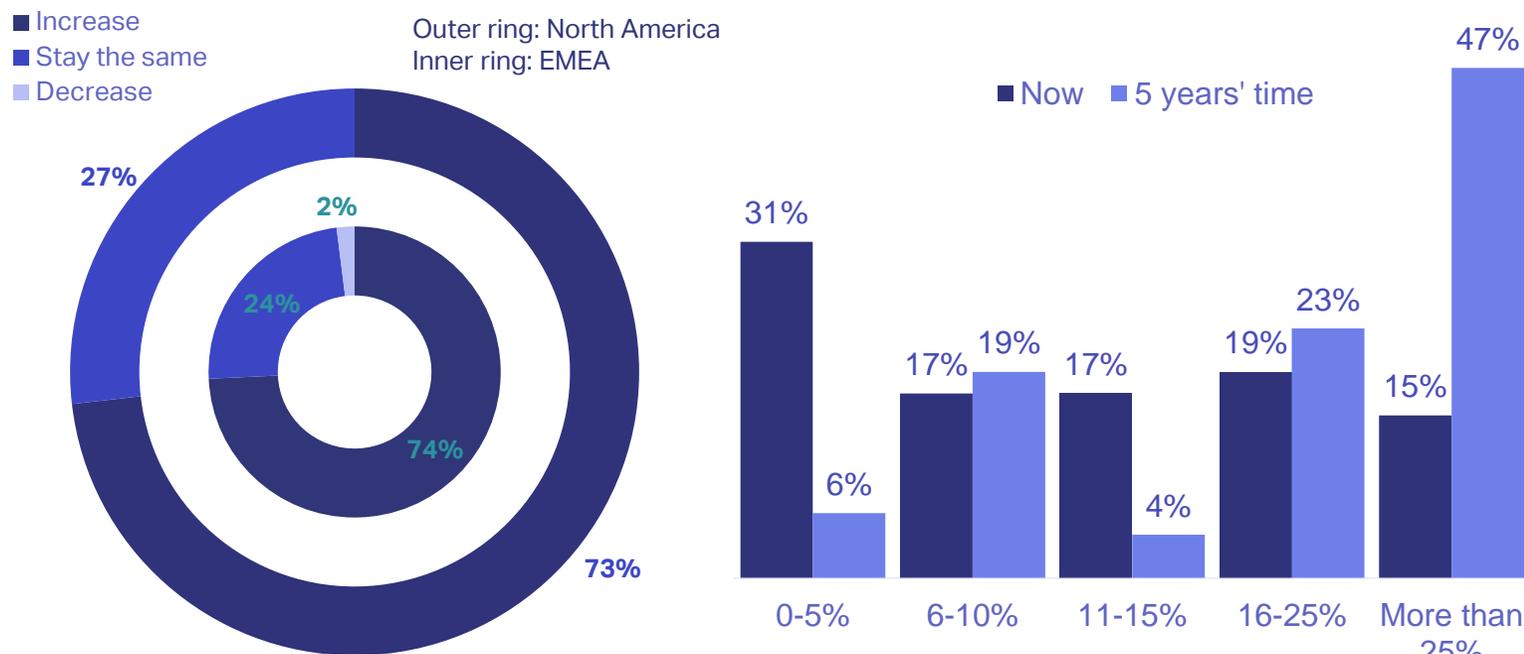
Client-side respondents

Left Q: In your experience, how effective is mobile as a marketing channel? n=60

Right Q: Overall, how important do you think mobile marketing (in all forms) will be for you this year?

NA n=52, EMEA n=123

Mobile budgets are set to increase. One of two marketers will spend a quarter of their budget in mobile



Commentary

- Almost three quarters (73%) of marketers on the client-side expect their budgets to increase over the next year in North America, with an almost identical proportion in EMEA stating the same.
- Client-side marketers on average expect 14% of their marketing budgets to be allocated to mobile over the next 12 months. In five years' time, they expect this to have increased to 23% on average.
- Almost a third of marketers in North America assign between 0 and 5% of their marketing budget to mobile. However, this low proportion is set to increase over the next five years, by which time up to half (47%) of North American marketers expect at least a quarter (25%) of their budgets to be assigned to mobile.

Client-side respondents

Left: Q: How do you expect your mobile marketing budget to change over the next 12 months?

NA n=67, EMEA n=131

Right: Q: What percentage of your overall marketing budget is being/do you expect to be allocated to mobile marketing and advertising now and in five years' time? n=71

Chapter 3

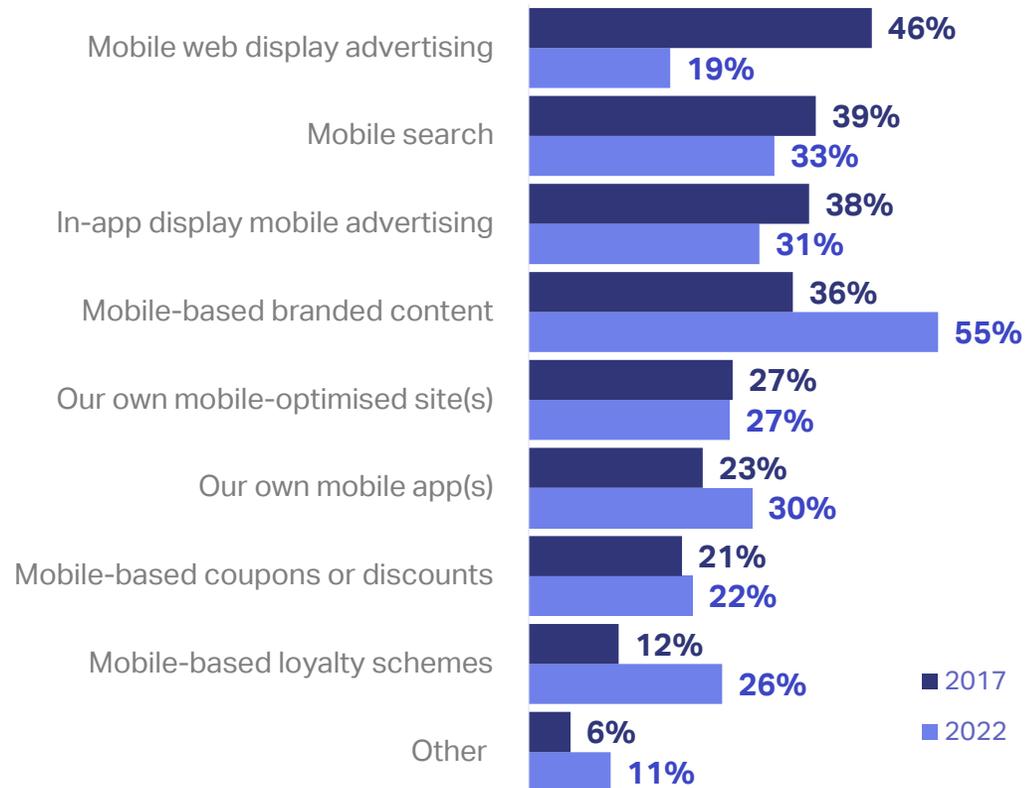
Mobile tactics and technologies



Key Insights

- ✓ Display and search are the most popular forms of mobile advertising. Branded content has the most potential.
- ✓ Mobile social and video advertising are the focus for 2017.
- ✓ Location data is at the core of mobile. The Internet of Things will drive mobile growth by 2022.

Display and search are the most popular forms of mobile advertising. Branded content has the most potential



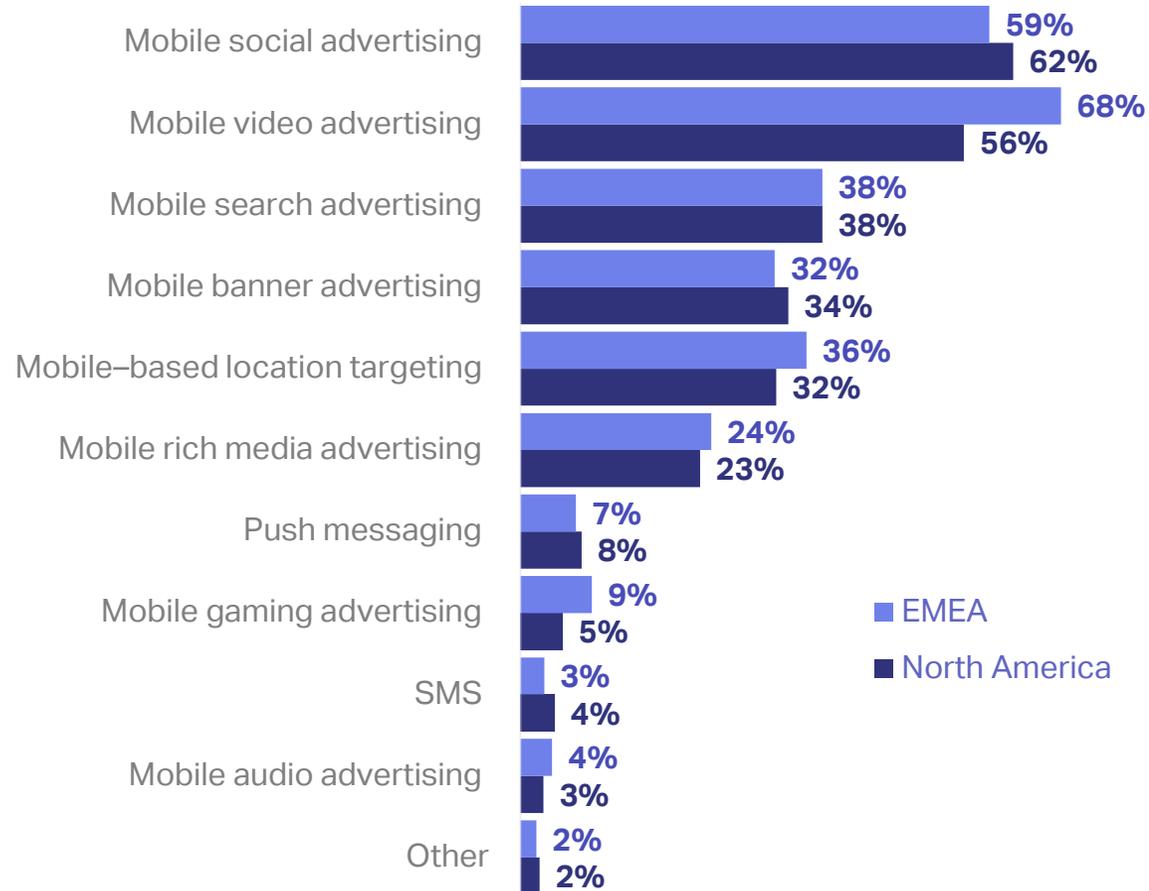
Commentary

- Over the next year, marketers are focusing on *mobile web display advertising* (46%) and *mobile search* (39%), with significantly fewer prioritizing *loyalty schemes* (12%) and *mobile coupons* (21%).
- Asked what they expected to be focusing on in five years' time, *branded content* emerges as the focus. This is likely a reflection of the expectation that screens and devices will become increasingly suited for consuming longer-form content, and mobile-optimised websites the norm.
- After content, *mobile search* is expected to be a continued focus for a third (33%), and *mobile-based loyalty schemes* are expected to rise significantly in the priorities of marketers, from 12% to 26% by 2022.

All respondents

Q: Which types of mobile marketing and advertising are you/your clients focusing most on in your marketing activities in 2017 and in five year's time? n=326

Mobile social and video advertising are the focus for 2017



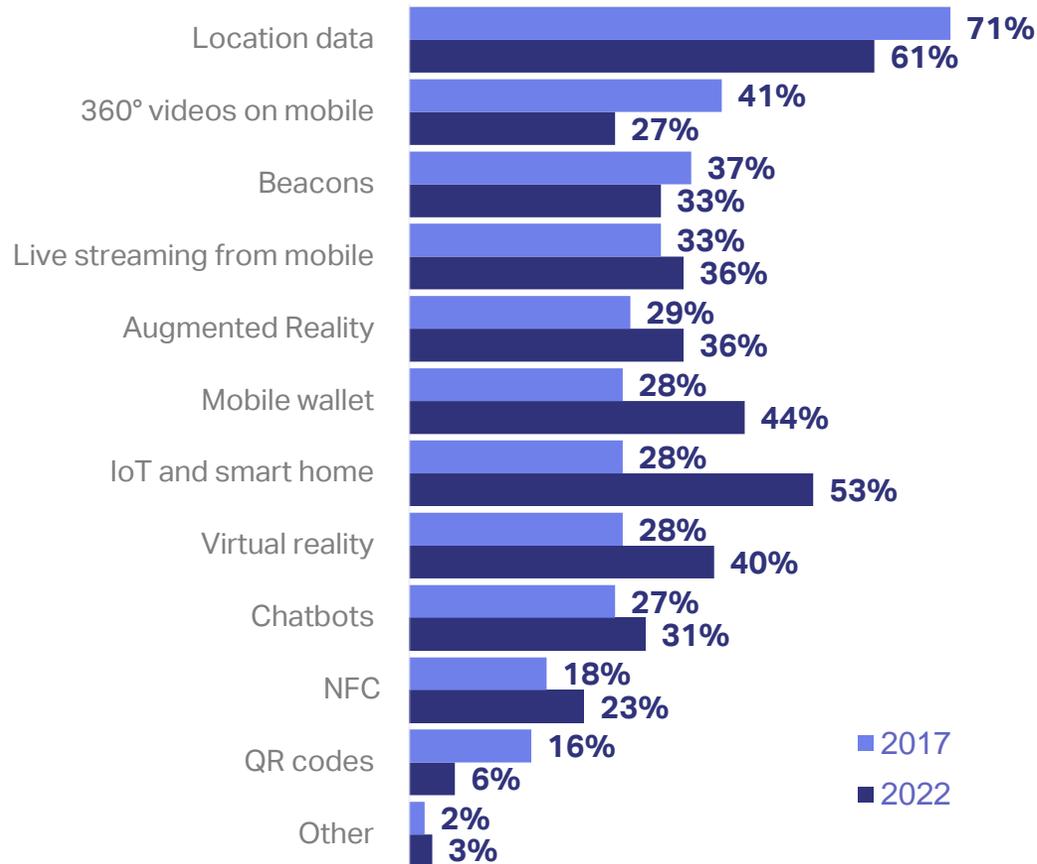
Commentary

- ☑ In North America, *mobile social advertising* is a focus for 62% of marketers, followed by 56% using *mobile video advertising*.
- ☑ Marketers in EMEA appear to have a larger focus on video advertising than in North America, but otherwise, use of mobile advertising types is very similar across the two regions.

All respondents

Q: Specifically for mobile advertising, which of the following are you/your clients planning to focus on in 2017? North America n=326, EMEA n=220

Location data is at the core of mobile. The Internet of Things will drive mobile growth by 2022



Commentary

- ☑ This year, more than 70% of marketers will use location data as part of their mobile marketing strategy – 30 percentage points higher than use of any other mobile technology.
- ☑ Though still expected to be most used, interestingly, a reduced proportion of respondents expect to be using location data by 2022: 61% compared to 71% this year.
- ☑ By 2022, the Internet of Things and smart home technologies will have doubled in importance – 53% expect to be using them in five years' time.
- ☑ Use of mobile wallets and virtual reality technology is also expected to increase significantly over the next five years.

All respondents

Q: Are you/your clients planning to use any of the following and their associated mobile technologies in 2017 and in five years' time? n=283

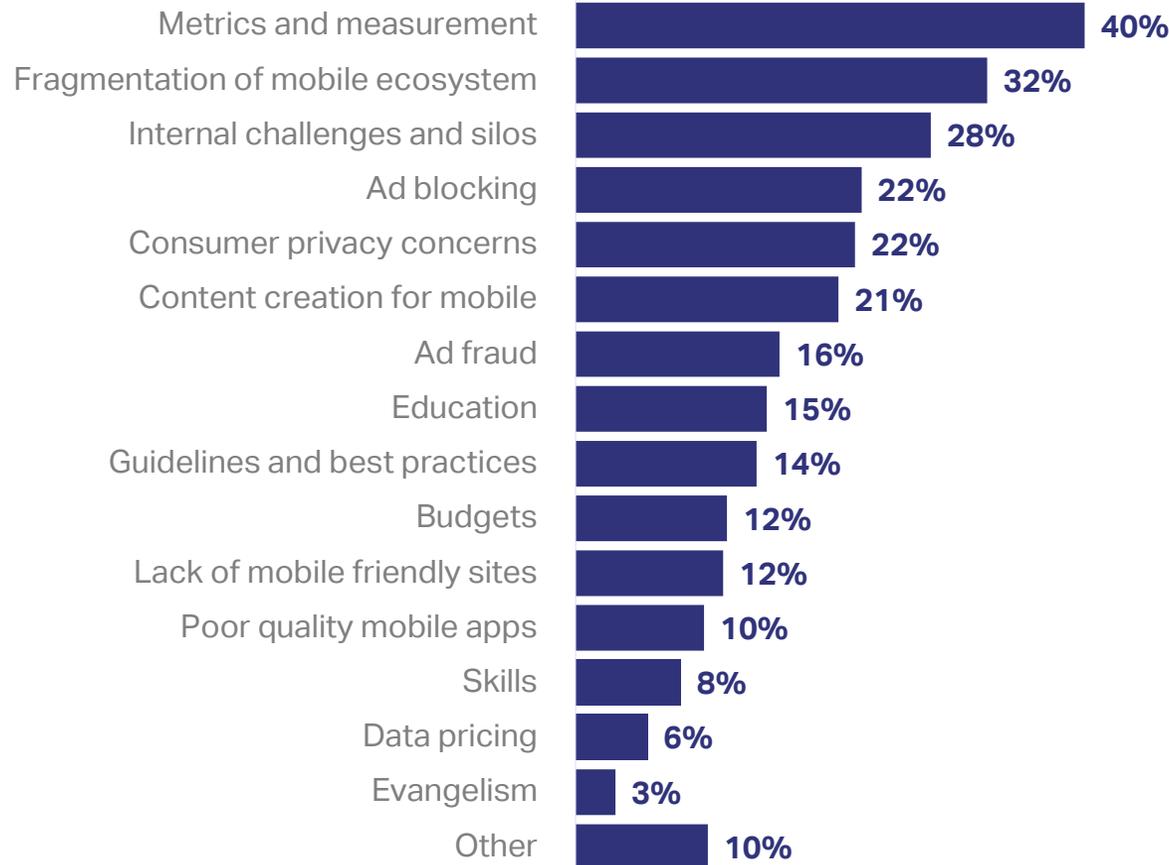
Chapter 4

Barriers and challenges

Key Insights

- ✔ Measurement of mobile is a problem for marketers.
- ✔ Mobile marketing effectiveness is measured through engagement, not ROI
- ✔ The cost of advertising is increasing, but buying is easy.

Measurement of mobile is a problem for marketers



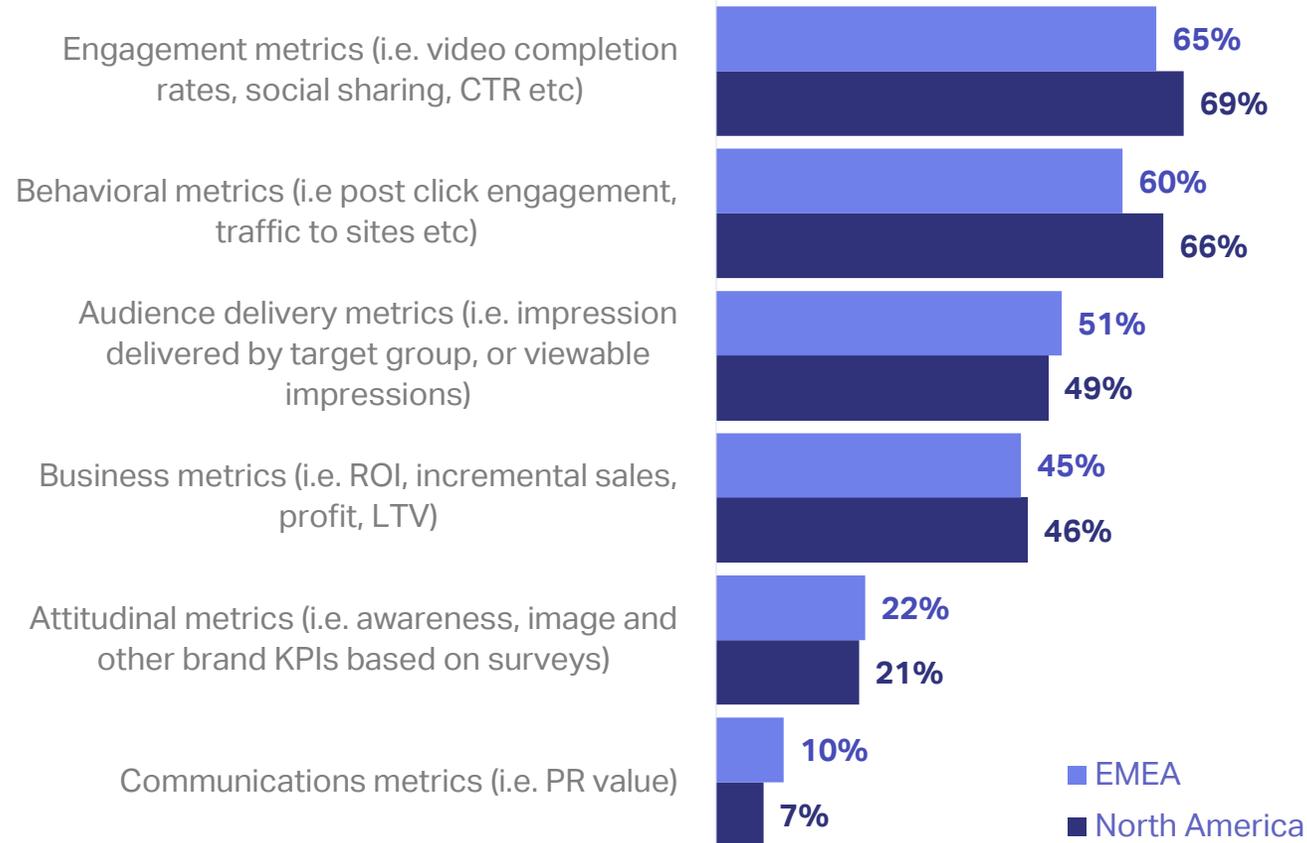
Commentary

- ✔ The biggest barrier to the growth of mobile in North America is measurement and metrics, according to 40% of marketers surveyed.
- ✔ Although internal challenges and silos are a problem for 28%, encouragingly, skills are a barrier for only 8%.

All respondents

Q: In your opinion, what are the biggest barriers to the growth of mobile marketing and advertising in North America? n=389

Mobile marketing effectiveness is measured through engagement, not ROI



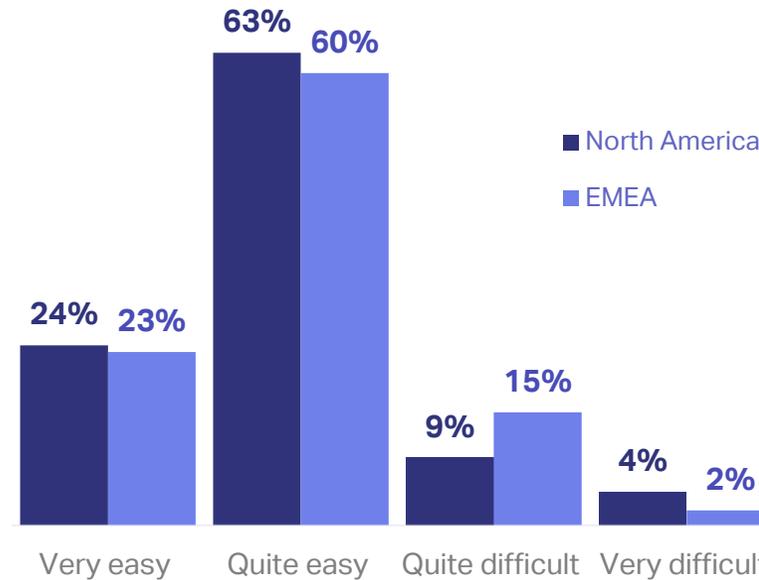
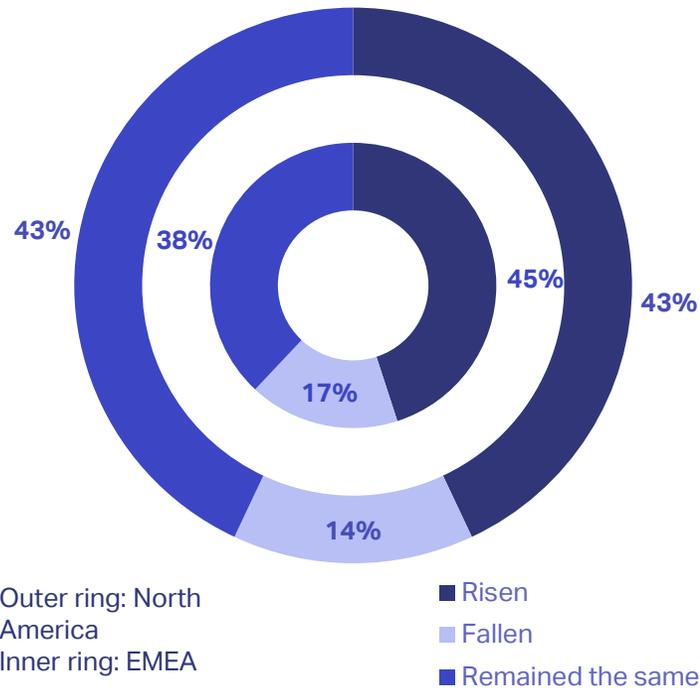
Commentary

- ✔ Metrics and measurement are the biggest barriers to growth, indicating that work needs to be done on tracking the metrics shown on this chart.
- ✔ Engagement metrics are used by the biggest proportion of marketers in both North America (69%) and EMEA (65%) to measure mobile marketing effectiveness, followed by a similar number tracking behavioural metrics.
- ✔ Less than one out of two marketers use business metrics and ROI to assess campaign performance.

All respondents

Q: Which of the metrics below do you or your clients most use to measure mobile marketing effectiveness? North America n=346, EMEA n=370

The cost of advertising is increasing, but buying is easy



Commentary

- ☑ The cost of mobile advertising is increasing on average in North America, and only fallen in the opinion of 14%. The picture in EMEA is similar, with costs slightly more likely to have risen than remained the same.
- ☑ Marketers are finding buying advertising to be relatively easy in both regions, with a slightly higher proportion of those in EMEA encountering difficulties in trading.

All respondents (*involved in trading*)

Left: Q: *In your experience, compared to last year, how has the cost of mobile advertising changed?* NA n=69, EMEA n=138

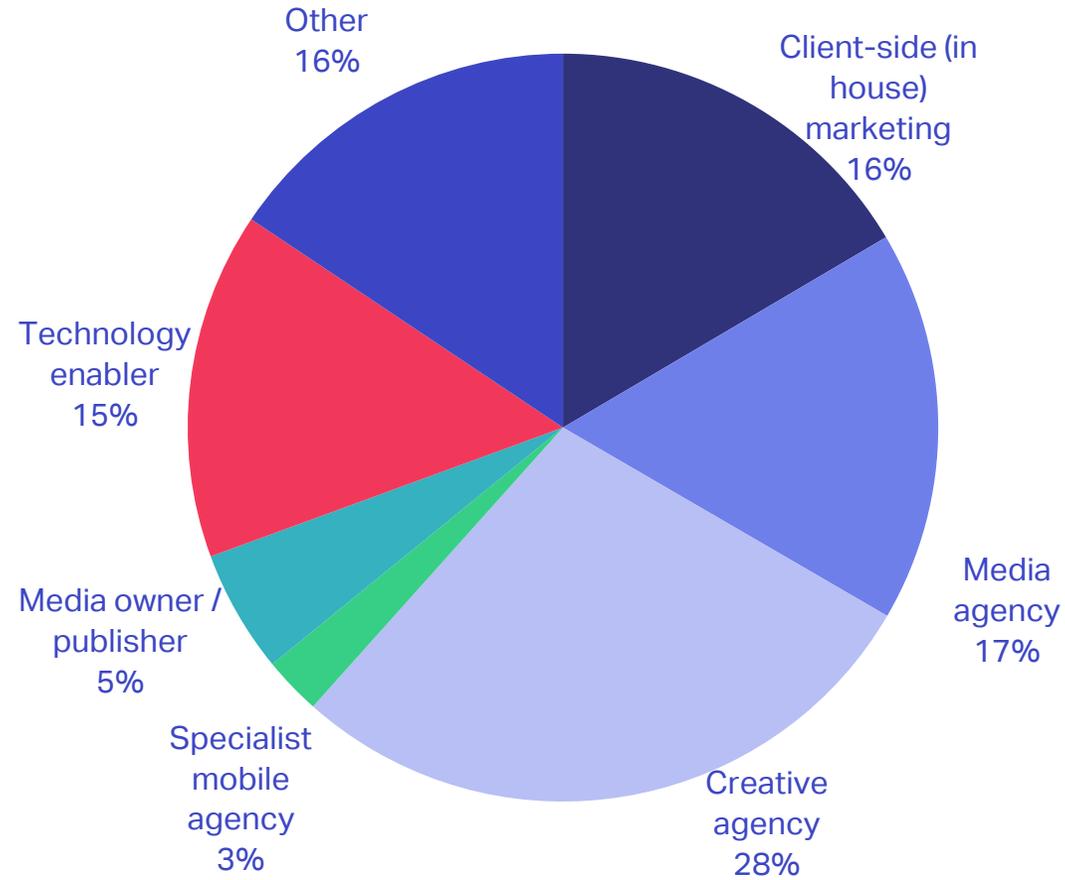
Right: Q: *How easy do you find buying mobile advertising?* NA n=67, EMEA n=142

Chapter 5

Demographics



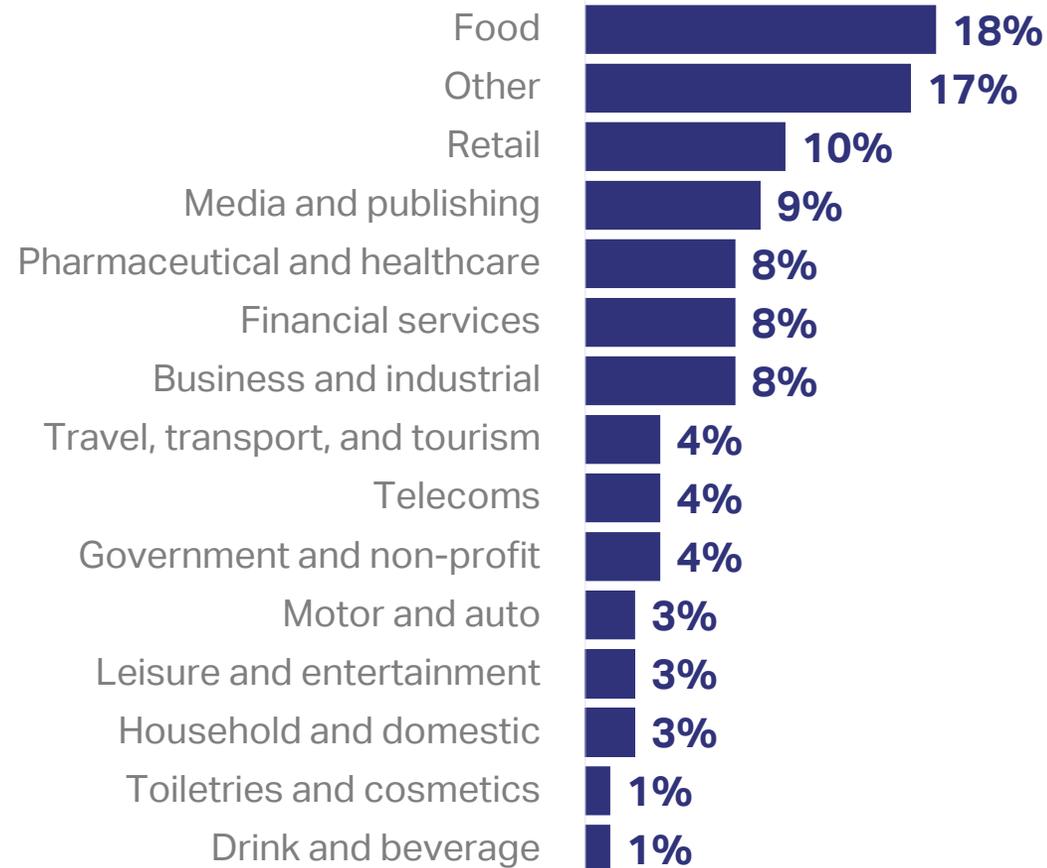
Respondent company profiles



All respondents

Q: What type of company do you work for? n=486

Respondent sectors



Client-side respondents

Q: In which sector or industry do you work? n=77

More from WARC

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About the study

This report is based on an online survey of 508 marketing professionals in North America, and 612 marketing professionals in EMEA, carried out in March and April 2017.

The survey link was disseminated to WARC and MMA lists, and respondents received a complimentary copy of the report in addition to being entered into a prize draw.

Respondents were based in the North America or EMEA, and were a mix of client-side, agency and technology vendor marketers.

About WARC

WARC.com is an online service offering advertising best practice, evidence and insights from the world's leading brands. WARC helps clients grow their businesses by using proven approaches to maximise advertising effectiveness.

WARC's clients include the world's largest advertising and media agencies, research companies, universities and advertisers.

About the MMA

The MMA is the world's leading global non-profit trade mobile marketing association comprised of more than 800 member companies, from nearly fifty countries. Its members hail from every faction of the mobile marketing ecosystem -- including brand marketers, agencies, mobile technology platforms, media companies, operators and others. The MMA's mission is to accelerate the transformation and innovation of marketing through mobile, driving business growth with closer and stronger consumer engagement. The MMA's global headquarters are located in New York with regional operations Asia Pacific (APAC), Europe/Middle East/Africa (EMEA) and Latin America (LATAM). For more information about the MMA please visit <http://www.mmaglobal.com>.

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