



**MOBILE
MARKETING
ASSOCIATION**

MOBILE AD SPENDS INDIA

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Mobile ad spends in India exceed expectation with growth of over **60%**

Ad spends pegged at Rs 300 crore (USD 44 million); slated to grow over 43% in 2014

The era of mobile is here and we are lucky to witness the way it has seen a sea change and evolved to be an inseparable part of our lives. Today, it is inherently difficult to separate a man and his mobile. According to the FICCI-KPMG Media & Entertainment 2013 report, the rapid increase in mobile and wireless connections is driving the growth of internet penetration in India and its key beneficiaries are new media segments, including internet advertising, online classifieds, and gaming.

The 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 similar lens.

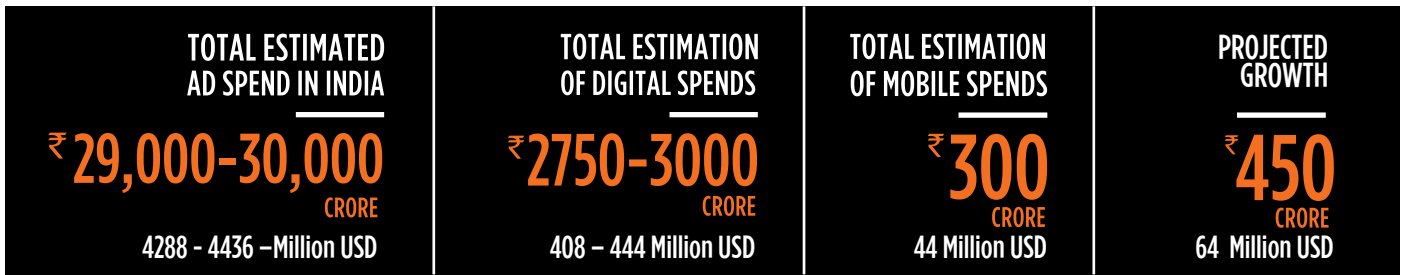
According to the MMA report, powered by exchange4media, the mobile ad spend figure in India is Rs 300 crore in 2013. Last year's report revealed the figure to be Rs 180 crore, with a projected growth of Rs 250 crore for 2013 that has exceeded by no less than Rs 50 crore. Moreover, mobile ad spends are slated to grow over 43 per cent to reach Rs 430 crore in 2014.

A lot of growth of mobile ad spends is also driven by Small Medium Businesses, which is not being adequately tracked. The industry needs develop methodologies to take into account the contribution of SMBs towards this growth

Mobile, till even some time ago, has predominantly been used as a medium of engagement, and not reach. With more than 950 million consumers in India, who can be reached with video, audio or gaming content on their phones in an extremely personalised manner, this medium is now being utilised as a reach medium as well.

“Mobile is today the only medium that can deliver





high reach, high engagement and high efficiency – all of this in a personalised manner,” shares CVL Srinivas, CEO, GroupM South Asia. With mobiles increasingly becoming an extension of an individual, the significant growth makes it a ripe medium for marketers to tap new consumers and have continued dialogue with the existing consumer base.

Growth factors

Factors that have actively contributed to this growth include the availability of a wide array of smartphones and tablets right across the price spectrum – especially at the lower end on the Android platform. The rapid decline in price of high speed data plans i.e. EDGE (GSM 2.5) initially and then 3G, with 4G around the corner. Existing extremely high mobile penetration ensured that there was a large segment of customers who were ready for an upgrade of handset and had come up the economic and learning curve over the past 5-6 years.

“We see mobile as the driver for internet and the same trend is validated through all market statistics. Given the reach, precise targeting and engagement potential of mobile, we see much greater value for clients to invest in mobile-dominated digital communication plans. Clients who are doing this and studying the isolated impact by media are already seeing this approach work effectively for them,” shared Anuj Kumar, Co-Founder and

Managing Director, Ripple.

Another integral factor contributing to the growth is media-rich content customised for smaller screens and mobile platforms. This ensures audience is provided with content and services, including music, movies, radio, live content streaming, games, business and leisure applications, mobile and e-commerce. Additionally, the cost of smartphone devices have come down drastically, thereby reducing the entry barrier for consumers.

Whilst today’s consumers are just about getting comfortable with technology, it is now up to marketers to either use the technology to aid consumers in their lives or use it as another channel for advertising products.

Given that consumers are using mobiles to make their daily lives simpler, using the medium for pure advertising could act as a deterrent to their main needs and may hinder the progress of using mobile. Marketers thus need to find a way of using the mobile to seamlessly aid the consumer in his daily life, to ensure the growth of the medium.

“Till five years ago, we couldn’t imagine that consumers would use mobile to channelise spending their resources. It started with consumers spending time on mobile for social connect and now they are becoming more comfortable carrying out their transactions on mobile. We created an app for our product ‘Isure’, which was an add-on to our product initially, but now seeing the trend, we are making it a paid application,” shared Kedar Rajadnye, President and COO, Consumer Products Division, Piramal Healthcare.

“We have definitely seen lot of benefits coming in for our brands by investing in this medium. We have been successful in optimising costs for brands and delivering a higher reach at a lesser frequency, with a similar impact. Additionally, from an engagement mechanism of running contests with missed call platforms, in-bound call platform and SMS, we have helped our clients build a comprehensive database of profiled opt-in consumers who can be reached on mobile devices and allow for re-targeting activities,” shared Jasmin Sohrabji, CEO of SEA and India, Omnicom Media Group. Growth of this medium was also quite clearly reflected by the number of entries received by MMA – double than last year, as well as the quality of entries. This showcases a significantly growing number of brands across segments successfully leveraging mobile to reach consumers lucratively with measured results and guaranteed RoI.

Going by the current brand spends and inputs from numerous media agencies and marketers across domains, the overall ad spends on digital medium are pegged in the range of Rs 2750 crore – Rs 3000 crore. This implies that mobile spends are roughly 10 – 15 per cent of the digital spends.

“In a world of uncertainty, the certain thing is that we will continue to see significant shifts out of analogue into digital. The reasons for this are that we are seeing the impact of reach and an emerging consumer class. According to a recent McKinsey study, in a market like India, there are going to be more ‘haves’ than ‘have-nots’,” said John Sheehy, President of Global Operations, Starcom MediaVest Group, sharing his views on the increase in digital spends in India.



“Innovations are going to be the driver of mobile advertising in India. We have moved beyond the normal banner advertising, which is now becoming a blind spot not only on mobile but also on the digital medium. Publishers need to keep coming out with innovative formats that are engaging for the user.”

Manisha Lath Gupta
CMO, Axis Bank



“We have seen the benefit of delivering sustainable personalised communication to consumers across different categories. For certain target audiences that are difficult to reach through mass media, mobile has provided interesting solutions.”

CVL Srinivas
CEO, GroupM South Asia



“We find acquisition costs significantly lower as a result of using this medium.”

Ajay Kakar
CMO, Aditya Birla Financial Services

Support needed in the future

Marketers feel that whilst m-commerce is opening up as an instrument for financial inclusion, especially for remittances, technological advances coupled with intervention to alleviate consumer concerns and perceptions on the safety of mobile transaction would be key to a potential explosion in this category.

Anil Dua, Sr. Vice President – Sales, Marketing and Customer Care, Hero Moto Corp stated that faster 3G and 4G speeds and development of ecosystem of mobile apps will greatly strengthen growth.

“Today we are not tapping into the unique behaviour of people in the context of mobile phones. We are trapped in the western behaviour of SMS, while the potential lies in missed calls. Do not forget that we are voice people, not reading and writing type,” said KV Sridhar, Chief Creative Officer, India and Subcontinent Leo Burnett.

The creative gap

When it comes to the furthering the growth of the medium, marketers unanimously agree that content will play a huge role in engaging existing consumers and attracting new ones. “There seems to be a distinct gap when it comes to creative agencies in India who are not fully equipped to deal with the medium as yet. Most of the creative agencies are living in a time warp, blind to the changing media habits. And on contrary, digital agencies have no imagination or understanding of people. To add to that, most of clients have reduced mobile to a lead generation machine,” said Sridhar.

His sentiments are echoed by Rohit Ohri, Executive Chairman, Dentsu India Group, “Clearly, the global mobile advertising market is far ahead in revenue terms, and perhaps also innovation. If we look at a market such as Japan, we will find a big difference in the learning curve in comparison to India. Japan has been actively driving mobile from as early as 2000. India clearly lags in its penetration of mobile internet and has for long been a market where mobile advertising was driven by SMS and IVR. It is only now, or since 2009, that mobile internet has picked.”

What is India doing right?

Fortunately, everything is not bleak. Both Ohri and Sridhar agree that things are looking up for India today. Every marketer is now realising the importance of mobile and is looking at ways to integrate it not just in the advertising mix, but also in driving consumer connect.

“The other aspect is that marketers have started experimenting with mobile for driving reach in media dark/rural environments – something very unique to India. In order to strengthen the medium, marketers really need to start looking at the core benefits of mobile and see how their brands can make use of those benefits in helping achieve the brand objectives,” said Ohri.

Media agency leaders foresee that the biggest change in India is going to come through mobility – not just mobile phone usage, but people’s mobility with a rapidly increasing Millennial generation that tends to have three screens (the primary screen is not TV anymore). India needs to ready itself and focus on reaching out to this critical target audience through the screen closest to them – mobile.

Challenges

Most marketers and agencies we spoke to agree that education and awareness of ‘how best to leverage and optimise mobile’ remains the biggest challenge.

“Most agencies today are not fully ready with a holistic POV



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CEO of SEA and India,
Omnicom Media Group



Mobile phone isn’t just a new medium, it is a life changing phenomenon, and if that isn’t reason enough considering we ourselves are consumers, it is a pity.”

Vinod Thadani

COO, Madhouse India



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Rohit Ohri

Executive Chairman, Dentsu India Group

or with enough length and breadth of campaigns implemented for them to be confident about what would work on mobile and how to recommend a strategic solution to a client on mobile vs. tactical one-off ideas. On the other hand, a handful of advertisers today are willing and open in their mindset to accept and experiment with new media. Mobile phone isn’t just a new medium, it is a life changing phenomenon, and if that isn’t reason enough considering we ourselves are consumers, it is a pity,” said Vinod Thadani, COO,



“Mobile is a medium that the industry is still grappling to understand. Its dynamic nature, ability to connect and bring to life any other medium, and constant evolution is creating as many opportunities as it is creating challenges. For the mobile marketer in India though, the medium is no longer just a tactical tool. It has

developed to being used for strategy and to build reach – attributes that are associated with mass media. While content and the emergence of m-Commerce will further fuel the growth of mobile and contribute to its constant re-definition, it can already qualify as the new mass media that is a force multiplier.”

Annurag Batra

Chairman and Editor-in-Chief, exchange4media Group



“More computing power for smartphones, faster 3G/4G speeds, and development of ecosystem of mobile apps will lead to growth of the mobile ecosystem.”

Anil Dua

Sr. VP – Sales, Marketing and Customer Care, Hero Moto Corp



“Mobile as a medium will definitely grow, it is a far more accessible device, to enhance the growth further we need better quality content, which will increase the current consumption.”

Anil Jayaraj

CMO, Pidilite Industries



“We’re seeing more affordable handsets, capable of handling data, hit the markets, this combined with the data speeds increasing at a price point affordable to the masses will lead to a change in pattern in the way the consumer uses his phone and in the way that he consumes data.”

Mallikarjun Das

CEO, India, Starcom MediaVest Group

Madhouse India.

The other challenges, as cited by leading marketers, include mobile advertising agencies sticking to old formats that are intrusive in nature and thus, not interactive friendly; advanced targeting and segmentation systems are still on the evolution path; and m-commerce is still at a nascent stage in India.

Growth sectors

Travel and BFSI remain the highest growth sectors of mobile. E-commerce in India is slated to see faster growth in metro cities such as Mumbai, Chennai, and Hyderabad, but much slower outside these cities.

In fact, travel and travel-related searches have dominated the online landscape for a while now. “Booking tickets and travel-related services is fairly entrenched ‘normal’ behaviour for many upper middle class and middle class urban Indians. Mobile penetration and mobile internet access have merely ensured the increased consumption of these services with ‘always at hand-always on internet-on the go’ mobile devices,” said Abraham Alapatt, Marketing Head, Thomas Cook India.

Other sectors such as telecom and media are also witnessing increased usage.

The road ahead

Like stated early on, the report estimates mobile ad spends for next year to be at Rs 430 crore (a 43 per cent jump). This growth can be attributed to a troika of trends i.e. increasing affluence of the Indian middle class, reducing cost for smart telephony and cheaper bandwidth. These are going to bring a rapid change in quality of mobile capability in the hands of the Indian consumer. This is aided by presence of prudent marketers who leverage the medium and a robust ecosystem for consumers.

What may also contribute to the growth of this medium is the advantage of measurability, that it brings to the table.

“We have seen the benefit of delivering sustainable personalised

communication to consumers across different categories. For certain target audiences that are difficult to reach through mass media, mobile has provided interesting solutions,” said Srinivas of GroupM, reiterating the reach of the medium.

Doubtlessly, mobile e-commerce is set for hyper growth as challenges around a common standard for mobile commerce payment and security are addressed, and more and more players see mobile commerce as an attractive market to operate in.

“Mobile is fast emerging as a dominant access point. By 2015, out of the 33 crore Indians who would be accessing the internet, mobile-based access alone is expected to contribute to 41 per cent traffic, while mobile- and PC-based traffic would be another 38 per cent,” pointed out Motwani, who believes that internet-based mobile applications and native apps are the way forward to empower all stakeholders – be it prospects, customers or distribution partners.

Moreover, telecom companies have slashed costs for 2G by more than 90 per cent in the last three months and cost of 3G is expected to be lowered very soon. This will increase the mobile internet penetration in the country manifold, giving users a thrust to access internet and consume content on their mobile devices.

The MMA India report, powered by exchange4media, (in its second 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. ●



“In this ‘Decade of the Mobile’, the MMA has now been a part of the growth in India for two years. We have great faith in the potential of mobile, and I’m delighted to see our vision for the industry come to life through this ad spend report.

A year ago, we found a disconnect between what the industry felt about the potential of mobile and what brands thought about incorporating mobile

as part of their marketing strategy. This has changed dramatically within a short space of time. Marketers today are beginning to invest more in the medium and to see how mobile, when put at the center of a well-integrated campaign, acts as the connective tissue bringing all aspects of a campaign together.

At the same time, more work is being done in the adoption of standards and development of measurement tools for mobile. This makes it easier for the industry to convince brands that their investment in mobile is quantifiable - we can demonstrate returns and we can see the impact.

In my opinion, an estimated growth of 60 per cent is conservative. We are positive there is a lot more mobile-based marketing and advertising taking place, which is unaccounted for through the social/search and other commerce-related media. In the next few years, we expect growth to be upwards of 100 per cent. There is no doubt that mobile is the undiscovered jewel in the media mix. It has tremendous potential, yet is often underutilised. We strongly believe that mobile has the potential to be at the core of marketing and advertising campaigns, as it has the power of making all other media come to life in the hands of the consumer.”

Rohit Dadwal

Managing Director, Asia Pacific Limited, MMA