



MOBILE
MARKETING
ASSOCIATION

MOBILE AD SPENDS SINGAPORE

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Singapore is one of the most digitally advanced markets in the world. Consumer adoption of mobile devices has fascinated the industry. There is no doubt that Singaporean consumers love their gadgets.

This can even be seen in the smartphone penetration in the market. Recent research shows that smartphone penetration alone in the market was at 90 per cent for a population of 5.31 million. The penetration of mobile devices, pegged at 7.8 million, is stated to be at 150 per cent.

Consumer time spent on the medium has increased not only for utility purposes but also for the consumption of media and entertainment. For a mobile marketer, Singapore is a dream market but not without the challenges that a new medium faces.

Poised to Grow at 25-35 per cent, Singapore Mobile Ad Spends to Reach 25 million in 2014.

An exercise conducted by Mobile Marketing Association, powered by Digital Market Asia, indicates that the current market size of mobile advertising spends in Singapore is pegged in the region of USD 15.5 million - 17 million. These spends are inclusive of display ads, search, videos, in-app advertising and other forms of advertising seen on mobile.

The findings recognise digital spends in Singapore to be in the vicinity of USD 150 million. At present mobile ad spends form around nine to 11 per cent of digital ad spends on an average for a marketer in Singapore. In addition to this, for top advertisers, digital spends form around 7 - 8 per cent of the overall ad spends in Singapore, which is pegged at USD 2 billion. In essence, high penetration numbers and the consumer behaviour of time spent on mobile notwithstanding, the advertising dollar spent on the medium is yet a small portion of the overall advertising budget.

Mobile advertising and marketing spends have two factors to bear in mind - the spends that is controlled by mobile ad networks and another significant portion of the spends that is managed by telecom companies directly. Both these pockets are expected to grow significantly in the year ahead.

One of the key takeaways from the exercise is that mobile advertising and marketing in Singapore is set to grow at 25 - 35 per cent taking the figure to anywhere between USD 21 million - 25 million in 2014.

The numbers have been arrived on after exhaustive feedback with top advertisers, media holding companies, media agencies, mobile ad networks, mobile marketing agencies and telecom operators in Singapore. The dialogue raise a few points on the future of the medium and what shapes it in a market that is otherwise ideal for leveraging the media platform offered by mobile.

Growth by 25 - 35 %



Singapore Mobile
Ad Spends
Pegged at USD
15.5 million - 17 million

2013



Singapore Mobile
Ad Spends
Poised to grow at USD
25 million

2014

Mobile Ad Spends to Grow Three Times Faster than Overall Digital Ad Spends.

Over 80 per cent of the respondents indicated that digital ad spends in Singapore would grow at 10 -15 per cent in 2014. Amongst the various components that form digital ad spends such as Search, Social, Internet Display ads, Videos and Mobile, the fastest growing component according to 90 per cent of respondents, is Mobile.

"Every time we have used mobile in our marketing mix, we have seen an increase in the level of consumer engagement and interaction," said **Chiradeep Gupta, Manager, Global Media, Categories & Partnerships, Unilever**, reiterating the role of the medium for large FMCG spenders.

Mobile is seen as the most critical component in the digital media mix due to the accessibility that the medium offers. "Mobile not only gives access but also engages. It is very useful for us when we have to connect with people like doctors or other partners in our space. It is a personal device and hence information sharing is simpler. For us, mobile is the fastest growing component of the overall pie," added **Gary Lim, Connections Director, Asia Pacific, Johnson & Johnson**.

The prominent sectors in Singapore where mobile ad spends is growing faster than overall digital ad spends include FMCG, Banking & Finance, Telecom operators, Travel, Retail, Entertainment, Automobile and Government.



"Being in touch with customers' changing needs and delivering relevant content to their preferred platforms is essential for effective communication. Since 2010, DBS has been increasing customer engagement via our mobile lifestyle apps such as DBS Indulge, DBS Shopper and DBS Rewards. DBS' mobile lifestyle apps create opportunities for deeper engagement with over 500,000 users through enhanced interactivity and exclusive content relevant to them. We also leverage banners within our mobile apps to create awareness for associated products. We find an increasing level of engagement as we continue to engage DBS card members with offers such as the 'one DBS rewards point redemption' on the DBS Rewards mobile app. DBS merchants are also able to leverage our mobile apps to offer a complete and timely value offering to their customers." - **Lim Bee Bee, Vice President, Consumer Banking Group Marketing, DBS.**



"Mobile allows advertisers to reach 'hard to find' audiences, especially in the 18-35 year segment. Mobile advertising consistently demonstrates higher recall of ads and great engagement metrics. We have many success stories with mobile - most clients who embark on a mobile journey with us, end up investing increased budgets each quarter, as it offers an opportunity to achieve great results and trial innovative new technology." - **Cheuk Chiang, CEO, Omnicom Media Group, APAC.**

Mobile Advertising's Five Key Pain Points

For a market that has an overwhelming number of handheld devices, apt smartphones penetration and the right infrastructure, mobile can prove to not only be a medium in its own right allowing both mobile first and mobile only communication, but also be the connecting tissue that activates other media. However, marketers admit that they are yet to fully leverage the potential of the medium. Advertisers believe that there are a few areas that when addressed can help the medium attract more advertising dollars.

1. Understanding the potential of Mobile

For 83 per cent of respondents, the biggest hurdle in the growth of mobile advertising is the lack of true comprehension of the medium. "Despite the advancements in mobile technology, brands are not able to capitalise on the advantages of mobile marketing simply because many firms do not have the foundation required to attract, capture and engage with customers on mobile. This starts from the basics - such as having a mobile friendly site, for instance. As such, having a fascinating mobile campaign without a foundation to support it is akin to building a beautiful restaurant without a kitchen," observed **Lito German, Marketing Director, BMW Asia.**

On this count, mobile faces a two-fold problem – a company's ability to understand its own mobile presence and secondly, lack of drive that comes when tangible gains are seen from an initiative. "The mobile ecosystem is developing at such a breathtaking rate that advertisers find it hard to keep pace with the technology and how consumers are using it. In addition, a lack of understanding on the monetisation of the mobile medium, coupled with a cautious mindset, and treading on 'perceived' intangible territory has prevented advertisers from opening up purse strings," added OMG's Cheuk Chiang.

2. Measurability and Efficiency of the Medium

Nearly 75 per cent of the respondents believed that an apt route to measure spends will go a long way in increasing the advertising numbers dedicated to mobile.



"There has to be a better link and measurement of mobile marketing to business results, whether it is on factors such as intent, direct conversion or brand awareness, that make a difference to business or real sales. Right now, there are grey zones there. The harder those metrics are defined, the better we are in our objective setting, planning and measuring, and building case for internal stakeholders or any third party stakeholders to get buy in." - **Leonardo O'Grady, IMC Director, Coca-Cola ASEAN.**



"Mobile ad spends at present is most definitely not the amount that it should be. We do brand analytics of the traffic to our corporate website and the traffic that we see coming from mobile is double digit. When that is the case, why is the spend in mobile in low single digits. This is because of the lack of effective media available out there for mobile. I personally don't buy in small mobile ad banner. There is so much room for improvement for ad formats before marketers will consider increasing mobile advertising budget." - **Maggie Ng, Regional Manager, Prudential Corporation Asia.**

Stewart Hunter, Vice President, Business Development APAC, Somo is of the opinion that there are options available to measure the medium. He said, "Most products selling on mobile are tools and methodologies to measure ROI. Within the last year, these have become more available. For a lot of brands, especially in the entertainment, content and utility domains, there is a robust way to measure ROI. For multichannel brands the measurement is trickier however it isn't impossible."

3. Creative Ideation

72 per cent of respondents stated that there is dearth of creative ideas that help extend a campaign onto mobile in an efficient manner. "We are still seeing creative ideas on mobile being extensions of other media. There isn't enough time & effort spent towards creating mobile-centric ideas that would encourage marketers to make the commitment towards spending on the medium. This has become especially relevant in markets where the first access to the internet is happening via mobile," said Unilever's Chiradeep Gupta.

4. Create True Brand Experience

70 per cent of the respondents stated that the current nature & usage of mobile was making it more of a tactical medium than strategic medium. BMW's Lito German indicated, "The limited marketing real estate on smartphone screens makes it difficult to create sustained brand engagement, as opposed to simply relying on location-based, on-the-spot tactical approaches." Leo O'Grady is more candid in admitting that the industry was still "clumsy" creating compelling content for people. He said, "The content side is still a challenge. We are good in using it as a means for content that is tactically driven but content that is branded, or can give more depth on a brand, is still slow."

The complex user journey which requires mobile-first content to both give users the experience on mobile & deliver value for brands, is hard to achieve as mobile is changing user behaviour and the way people interact with these devices. "To build content and user experiences that work and add value isn't straight forward. To encourage more marketing budget to be spent in this medium, we need to build appropriate user journeys that generate the required user behaviour for the brand," added Stewart Hunter.

5. Unpredictable Nature

The dynamic nature of medium comes with certain unpredictability for 69 per cent of the respondents. Mobile has become a medium where most marketers are looking at and learning from what others are doing. "People at times find it difficult to understand the impact of mobile in communication, the pricing benchmarks or the usage trends. There are also things such as privacy issues, that make it difficult to predict what will happen next on mobile," remarked **Gowthaman Ragothaman, CEO of South Asia and ASEAN, Mindshare.**

Where Will Drive the 25 – 35 per cent Growth in Mobile

Despite the challenges, the industry is close to a step change in mobile ad spends. Platforms such as Facebook are seeing 41 per cent of their revenue coming from mobile and Google is seeing a similar trend. Digital media owners have made it easy to experiment with mobile without necessarily creating mobile specific assets. Budgets tend to follow results and many marketers are becoming more sophisticated with their mobile approach.

Nearly 90 per cent of respondents urged companies to have a sound mobile strategy. "Clients who have embraced a 'mobility strategy' rather than seeing mobile as just another ad platform are seeing the most benefit. The jury is out when it comes to the effectiveness of standard mobile advertising but there's little doubt of its positive impact when used in conjunction with a broader communications strategy," Gowthaman reiterated.

*Mobile Transactions or M-Commerce

Almost 70 per cent of the respondents indicated that the growth of M-Commerce will mark the inflection point for mobile marketing. **Vishnu Mohan, CEO, Havas Media APAC said,** "Even the internet took off when e-commerce took off. This was important because irrespective of what brands say, ultimately, they are interested in a transactional relation. That point in mobile is yet to come. There is some amount of M-Commerce already in APAC but as this increases, mobile marketing will benefit."

Giving a more Singapore specific picture, **Luke Janich, Regional Director For iProspect Singapore,** said, "There is still some hesitation in the market when it comes to M-Commerce. Consumers want control of their data and a right to privacy. Buying through mobile is seen less trusted. In order to change this, brands need to work on the quality of their mobile offering so that buying through mobile is optimised and simple for the consumer."

*New Spenders

A large majority of respondents indicated that many companies were to still begin spending on mobile in a significant way. **Phalgun Raju, Vice President & General Manager, India, Southeast Asia, Hong Kong & Taiwan, InMobi said,** "We expect overall spends to increase significantly in Singapore, including regional activities. There is still a mix of advertisers that have never tried mobile, others have tried it in a very limited way with 1-2 per cent of digital spends, and a third group that has tested it and is accelerating spends. We expect most of the growth in the coming year to come from the latter two groups."



Marcus Tan, Managing Director - Asia Pacific, Smaato pointed out that more brands are spending on mobile this year. For him, there are a host of reasons why brands in Singapore would be spending more on the medium in 2014. "Audience buying using mobile is becoming key to media buying strategy as it signifies the importance of ROI. At the same time,

programmatic buying via RTB (real time bidding) on both online and mobile is leading to bigger spend by brands. Display ads on mobile devices are significant considerations when buying ad on mobile. Add to this rich media, video ads and in-apps advertising, and there is a host of reasons why brands will increase spends in the medium."

*Right Creative Application

At the end of the day, mobile is also a medium and the same rules of the game apply. It finally boils down to the power of the idea – will the execution on the platform resonate with the consumer? According to Lito German, the focus on mobile would increase once technology or a creative application of existing technology is introduced whereby mobile advertising can be more engaging and less intrusive. "Currently, advertising on print or TV is already accepted as a matter of fact. However, consumers view their mobile gadgets as 'personal devices' and as such, may have stronger innate 'privacy filters' when it comes to this medium," he said. A mobile idea should be able to fully leverage the functionalities of mobile. It should not be an extension of the PC or desktop experience to mobile.

Growth Drivers for Mobile



What Singapore can Teach to APAC ?

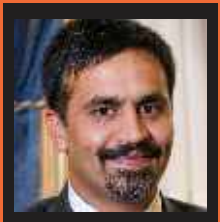
Singapore has one of the highest smartphone penetrations in the world and this means opportunities for brands. Clients are including mobile in their media mix but most are turning to branding and awareness campaigns. Things like M-Commerce may be falling behind at the moment but it is on the horizon. The advanced nature of the market is seeing challenges that other APAC markets are likely to see in a year or two. While Singapore by itself is the regional headquarters for many companies, some of the findings from the survey can help companies in



"Singapore has become a hub for the regional investments of Fortune 500 brands into mobile advertising in the APAC region. Most of our clients are managing their mobile advertising budgets and investment decisions out of Singapore. Singapore as a market itself has also become very attractive for mobile advertising. We are looking at a healthy market with a lot of

appetite to invest in mobile and a growing understanding of brands and agencies but also SMB (small and medium businesses) of the necessity to make mobile part of integrated, holistic campaigns with the ultimate goal of engaging consumers. In return we are gaining valuable consumer insights that lead to better brand-consumer relationship. Overall, we have experienced that the climate here in Singapore is very mobile friendly and ongoing innovation is a very important factor deeply ingrained in the local business culture," - **Kerstin Trikalitis, CEO, Out There Media.**

Drawing a future picture, **Robert Woolfrey, Managing Director, Southeast Asia, Millennial Media** added, "Mobile advertising has been driven primarily by rich media due to the high penetration of smartphones and tablets in Singapore. Faster connection speeds and more sophisticated devices have made the delivery of these types of ads seamless. In the next year, we are expecting video to drive further market growth. Through mobile video, advertisers can tell compelling stories – with the added benefit that consumers can physically interact with these ads to take immediate actions. Add to this the fact that mobile allows a brand to reach consumers at a variety of locations and times, and you have a completely customisable mobile ad that will drive significant impact for brands."



"Given the findings from this exercise in Singapore, there is no doubt that mobile is the undiscovered jewel in the media mix. It has got tremendous potential, yet it is underutilized. We strongly believe mobile has the potential to be at the core of marketing and advertising campaigns, as it brings all other mediums to life in the hands of the consumer.

The mobile ecosystem is united in its belief that the channel is integral to marketing, and brands are slowly taking this on board. As mobile demonstrates tangible results and the industry gets behind global guidelines in standardization and measurement, we expect a spurt in growth of ad spend on mobile in the next twelve months. While the dollar value will still be low, the growth rates are expected to be in the double digits in the years ahead. More importantly, for the first time, we have been able to estimate the market size, and this will prove highly useful to brand marketers, their agencies, and the rest of the ecosystem as we chart our progress together." - **Rohit Dadwal, Managing Director, MMA Asia Pacific.**

One of the points coming clear from the MMA, powered by Digital Market Asia, Mobile Ad Spend Singapore report is that even the players and agencies that have not put enough effort in going to brands to show how the medium can be a revenue generator are doing so now. As brands see more real value creation, mobile advertising in the region will benefit further.

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