

June 2010

White Paper

Advertising on mobiles

« Mobile Web represents the third daily use for Smartphones owners after phone calls and text messaging. 4 million French people connect to mobile web daily. »¹

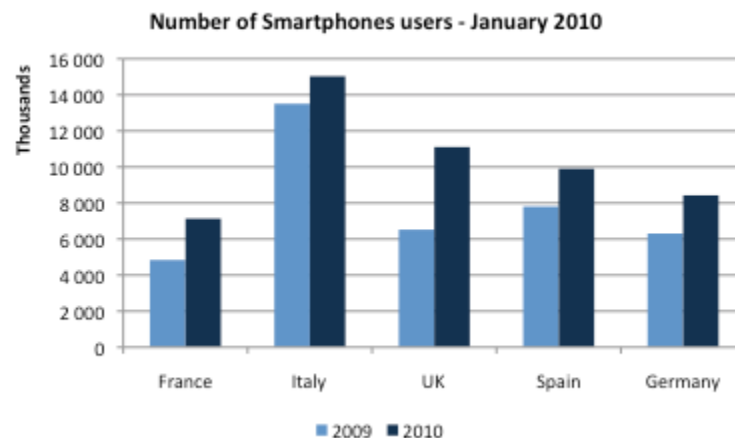
Mobile internet is now ubiquitous in our society and has become an essential tool for advertisers. In this white paper we recap on key figures and major trends on mobile internet to determine how advertisers can contribute to this specific platform.

I. Boom in smartphones usage

a. Key figures

2009 was the year of an extremely rapid growth in Smartphones usage worldwide.

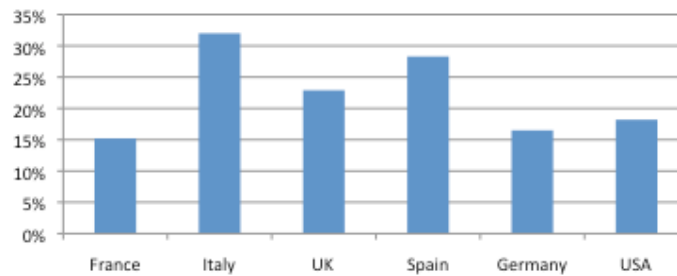
In France, the number of users increased from 4,84 millions in January 2009 to 7,14 in January 2010, + 48% in one year. France ranks 5th in Europe, lagging behind the Italians, 15,03 millions equipped with Smartphones, then the British, Spanish and Germans with respectively 11,1 millions, 9,9 millions and 8,42 millions. Yearly average increase for these five countries reaches 32% with the highest growth registered in the United Kingdom (70%) and the lowest in Italy (11%). In the U.S., there were 42,7 million owners of Smartphones in January 2010.



Source : ComScore, 31 March 2010

¹ 2nd edition of the Mobile Internet Observatory, Group M / SFR Board

Smartphones penetration rates on mobile owners - January 2010



Source: ComScore, 31 March 2010

In France, sales of classic cell phones fell by 8% between 2008 and 2009 while sales of Smartphones more than doubled. Smartphones accounted for 15% of the sales of mobile phones in 2009 against 8% in 2008.

This success is due to a combination of three decisive factors:

1. The attraction of consumers for touch screens (and for the general design of these mobile terminals)

Indeed, touchscreen phones, which accounted for only 20% of the market in 2008, reached the 43% in 2009 (France having the higher penetration rate in Europe for touchscreen phones).

2. 3G internet Access

Web surfing from mobile devices (classic cell phones, Smartphones, wireless MP3 players, etc..) increased from 0.3% of the total visits in the 2008 summer to 1.3% in the 2009 summer. Their volume was multiplied by 6 in one year.

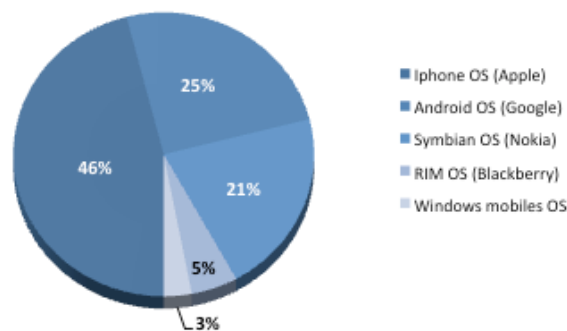
3. The proliferation of targeted content and applications

63% of mobile content is accessed via iPhone or iPod Touch from Apple, the first terminal having popularized mobile applications. Globally, 3.7 million applications are downloaded every day!

Therefore, the choice of mobile packages has been impacted: at the end of 2009, 58% of mobile users had an internet option with their package and 80% of them had an unlimited access package.

Globally, almost one out of two mobile terminals is a Smartphone. iPhone OS (Apple) is used by 46% of users, OS Android (Google) by 25%, Symbian OS (Nokia) by 21%, RIM OS (BlackBerry) by 5%, Windows Mobile OS by 3%. 650 million people (13.4% of mobile users) use their phone to surf the web at least once a month.

OS market shares worldwide - April 2010



Source: ComScore, 31 March 2010

b. User profiles

In France, a study was conducted by 1000mercis to determine the profile of iPhone users compared to users of other smartphones and traditional mobile phone users. This study reveals that they are:

- Mostly men (64.5% versus 54.9% for other smartphones, and 43.7% for classic cell phones)
- Between 25 and 44 years old (40% versus 40.4% and 32.2%)
- Mostly living in Paris or in Ile de France (28.9% versus 24.9% and 18%).
- Mostly belonging to a high socioprofessional category (40% of users). There are, indeed, few users among students, job seekers, housewives or retired people.
- With increased usage of the iPhone over other Smartphones: web-browsing and mails are more important, they listen to more music, they further consult their agenda and play more on their iPhones than other users do on their Smartphones.

Nearly 9 out of 10 iPhone owners connect to the mobile internet at least once a week versus only half of the owners of other Smartphones and 15.3% of classic cell phone owners.

Finally, 2 out of 3 iPhone owners connect daily to Mobile Web. They are just over 25% for Smartphones owners and only 11.5% for classic cell phone owners.

A similar study was conducted in the United States and its findings are quite similar to those of the French study. The typical American fan of iPhone is 35 years old and lives in urban areas. The websites which are the most visited are search engines like Google and Yahoo! and social networking sites such as Facebook and MySpace. The most commonly used applications are related to music, social networks, video and messaging.

II. Mobile internet usage

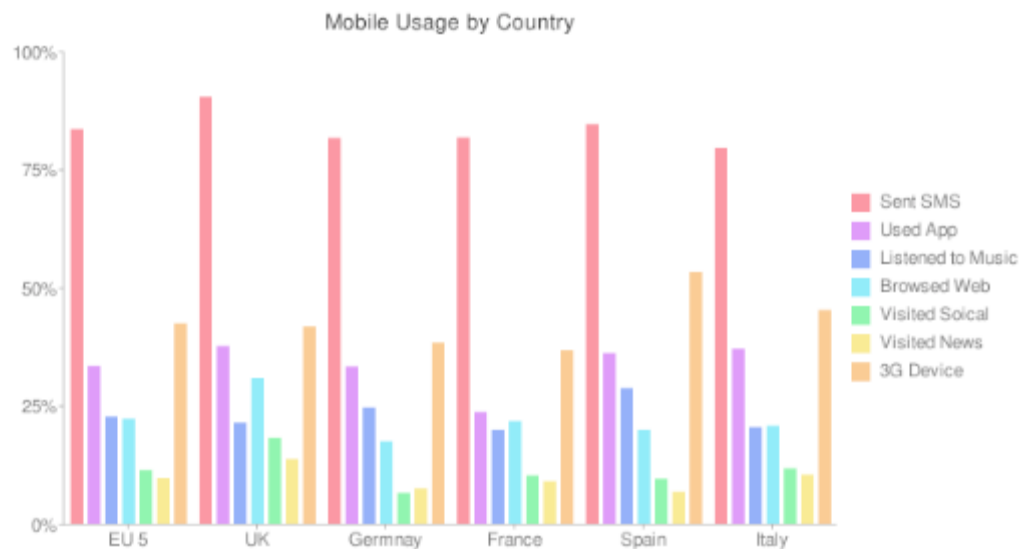
a. Key figures :

42% of French people aged 15 and over now have access to mobile internet (via their mobile phone or 3G USB key). For some population groups (15-34 year-olds and high earners category), this proportion exceeds 50%. Mobile internet usage concerns 65% of the 15 year-olds equipped with a Smartphone and 39% of mobile users are interested in m-commerce. Besides, one third of Smartphone owners have made purchases from their mobile during the last 6 months. Products that are the most successful are cultural products: music, books, DVDs and video games.

Mobile web usage in France is lagging behind in comparison with neighbouring countries. In 2009, we counted :

- o 9 million connections to mobile web in Germany
- o 9,5 millions in the UK (which has the lowest prices)
- o 12.5 millions in Italy
- o 5 millions only in France.

In Europe, major usage categories are distributed as follows:



Source: ComScore, 31 March 2010

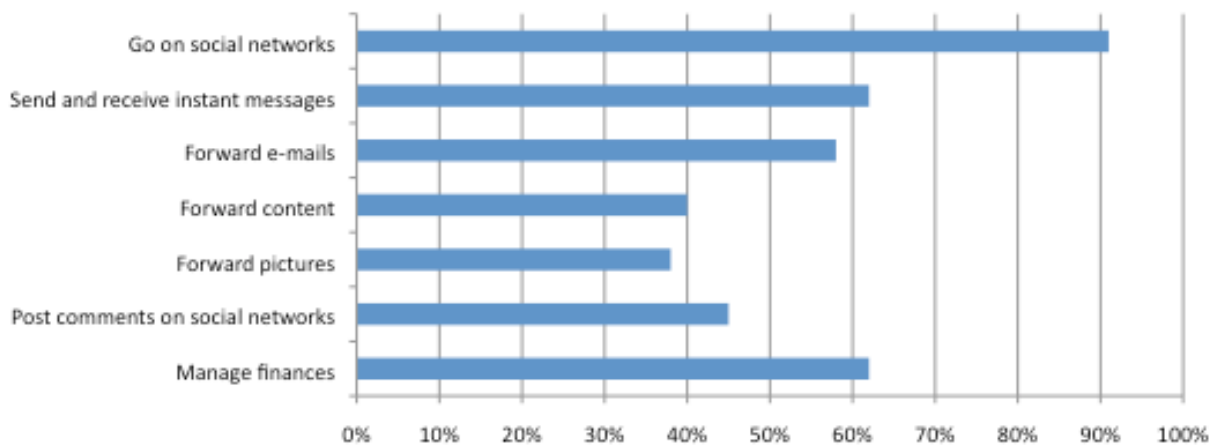
In the U.S., average monthly mobile web access has doubled in one year. In addition, 37% of Smartphones owners have made purchases via their mobile. The latter are more numerous among iPhone users and Android phone users. 35% of the 18-29 access the web daily via their mobile.

Average Monthly Number of Mobile Internet Access Sessions Among US Mobile Phone Users, 2007-2009



Note: 2007 n=500; 2008 n=512; 2009 n=504
Source: BIA/Kelsey and ConStat, "Mobile Market View," November 17, 2009
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The North Americans spend about three hours online on their mobile every day. Main usage is distributed as follows:



Source: Ruder Finn study, February 2010

At the end of 2009, regarded m-commerce related activities, usage was as follows:

Mobile Content Activities Among US Mobile Phone Users, 2007-2009 (% of respondents)

	September 2007	October 2008	October 2009
Searched Internet for local products or services	9.8%	15.6%	18.5%
Got information about movies or other entertainment	8.2%	13.7%	15.9%
Got information about restaurants or bars	9.0%	11.7%	13.3%
Searched Internet for products or services outside my local area	6.4%	14.3%	11.1%
Purchased a physical item that needed to be shipped (e.g., book)	-	-	4.0%
Used a coupon from my mobile phone	-	-	3.0%

Note: 2007 n=500; 2008 n=512; 2009 n=504
Source: BIA/Kelsey and ConStat, "Mobile Market View," November 17, 2009
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Overall, many Smartphones owners use their mobile internet access while shopping to directly help them decide on their purchases:

Internet Users Worldwide Who Have Used a Mobile Phone for In-Store Shopping Activities, by Generation, December 2009 (% of respondents)

Generation Y	64.0%
Generation X	50.1%
Baby boomers	33.2%
Total	51.4%

Note: in the past two weeks
Source: Motorola, "2009 Retail Holiday Season Shopper Study" conducted by e-Rewards and TNS International, January 2010

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In-Store Mobile Shopping Activities of Internet Users Worldwide, by Region, December 2009 (% of respondents)

	Asia-Pacific	Europe	Latin America	North America	World wide
Called to ask someone about a product I might purchase	51.6%	28.2%	40.8%	26.2%	30.8%
Texted to ask someone about a product I might purchase	37.7%	20.0%	28.8%	17.3%	21.3%
Sent a picture of a product I might purchase	29.3%	14.0%	20.9%	14.1%	16.3%
Used mobile phone to access Internet to look at product reviews or other product information	35.9%	12.2%	15.7%	11.0%	14.3%
Used mobile phone to access Internet to compare prices	34.5%	11.5%	20.7%	10.4%	14.2%
Used mobile phone to access Internet to get coupons or special offers while shopping	28.0%	6.8%	10.5%	5.3%	8.5%
Made an Internet purchase directly on the mobile phone	23.0%	7.0%	8.5%	3.5%	6.9%
Used mobile phone for at least one of the above shopping-related activities	78.0%	49.4%	62.4%	45.1%	51.4%

Note: in the past two weeks
Source: Motorola, "2009 Retail Holiday Season Shopper Study" conducted by e-Rewards and TNS International, January 2010

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Late 2009, 7bn applications had been downloaded worldwide. In one year, the App Store from Apple (150,000 applications in early 2010) has sold over one billion applications worldwide. This represents 3.7 million downloads a day or 43 per second!

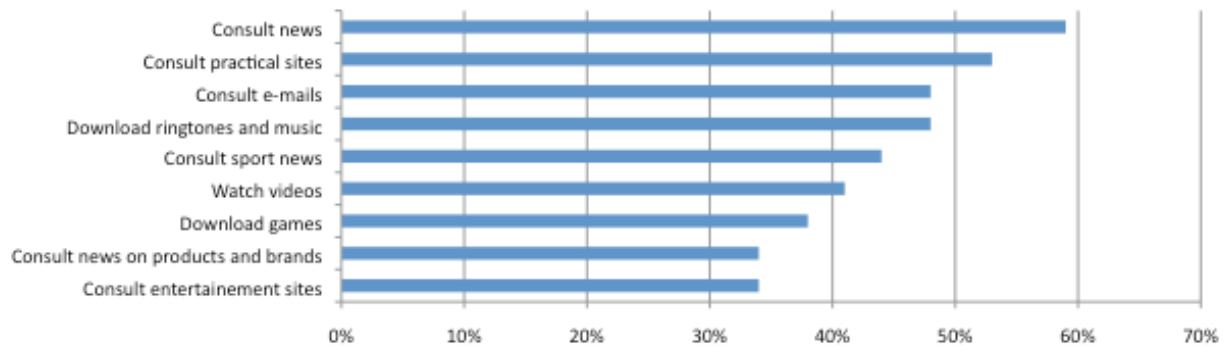
These trends will increase further with the arrival of 3G slates such as the iPad. 2 million iPads have been sold in the world in 2 months following its launch.

b. Usage differences compared to a PC's

According to Gartner, Web access will be more important in 2013 via mobile than via PC. This suggests that mobile internet usage will more and more resemble internet usage via a PC over time. But up to now, there are differences.

A few years ago, the only purchases on mobile phones were mobile ringtones and games. Today, people buy books, equipment, clothing and other things they usually buy via their laptop.

Top 10 usage in France:



Source: Association Française du Multimédia Mobile

Regarding downloaded content in France, the activity is especially popular with the 15-20 year-olds, who consume up to 3 times more than the average mobile user. Successful contents are games, music, pictures, ringtones and videos (in volume). In value, the order varies slightly with the most lucrative activity being games then ringtones, pictures, music and video.

In the UK and the USA, most sought after applications by mobile users are Google and Facebook. Followed by Yahoo!, MapQuest, YouTube, Weather.com and iTunes. 20% of respondents are also interested in Wikipedia, Yellow Pages, MySpace and Hulu. In general, users prefer useful applications and entertainment applications.

Generally, custom contents are more important for users than brand sites, hence the phenomenal success of applications.

The small size of Smartphones screens and their use in mobility conditions generates a shorter and often more functional usage of mobile internet. 73% of mobile users know what they want when they connect to mobile internet. It is therefore important that they have quick and easy access to essentials. Location-based services are also heavily used: 73% of mobile users are interested in this type of content.

Finally, as for a traditional website, updated and animated content (without excess) is desirable to satisfy and retain visitors.

III. Mobile Advertising

a. Some figures:

According to a study by Ineum Consulting, mobile penetration rate reached 119% in Europe while only 1% of advertising investments are spent on it. Mobile advertising is expected to rise from \$320 millions in 2008 to \$593 million in 2010 and further thereafter. It does not grow faster at the moment because of a lack of technological standards, a high cost per thousand (CPM), a binding regulatory framework and the lack of tools to measure effectiveness.

The number of applications on the mobile version of Google has quintupled in two years. In France, more than half of mobile users have used a search engine on their mobile. But SEM spending on mobiles do not represent more than 1% of the Search Market according to industry professionals, this is approximately 8 to 9 million Euros net in 2009. Search would represent about 35% of the investments in mobile advertising.

In the United States in 2009, SEM represented 25% of the investments made by advertisers in mobile advertising, Display, 14% and text message / MMS campaigns, 61%. But estimates are quite favorable to Search, which should take over by 2012. Display campaigns should also become more important than text message / MMS campaigns by 2014.

b. Recommendations

Given figures seen above and the results of mobile campaigns (for which click through rate - CTR, mainly via text messaging campaigns, reaches between 2 and 8% versus 0.5 to 1.5% for a typical internet marketing campaign), it seems essential to launch and extend one's campaigns on this new medium.

As noted above, a mobile device is a medium that stands out by being nomad and instantaneous. It allows an individualized dialogue between the consumer and the advertiser at the most opportune time. A mobile site must be purged and research should be simplified for the user (because of the screen size). Rich media opportunities are important and should not be overlooked: video, streaming content, personalized information (based on location and time for example).

All advertisers' objectives can be achieved through mobile : awareness / image, conquest customer loyalty and generate earnings.

1. Develop your brand: mobile makes your brand accessible anytime, anywhere. This allows the mobile user to easily find a retailer or to stay informed, for example, while he/she makes his/her purchase in-store (eg by reading related consumers rating).
2. Winning new customers: mobile helps promote your products and services to prospective customers, generate in-store traffic and create a new customer database (9% of mobile users do not have home internet connection).
3. Generating income: by proposing a new sales channel and stimulating impulsive purchases on mobile, your investment can generate income. Besides applications, that can be purchased, they are usually developed to complement mobile sites and must be compatible with all terminals and accessible even without being connected to mobile internet. They are not to be overlooked because if they are useful or entertaining, they will reinforce your brand's innovative image.

4. Loyalty: mobile can be a new access to customers' personal space. Mobile users can track orders, reservations or purchases. After-sales services are also important for consumers on the move.

Several kind of campaigns can be launched on mobile phones: Sponsored links, Display campaigns and text message/MMS campaigns.

Sponsored links: as classic SEM campaign, it consists in buying keywords sold on a CPC basis (on average between 0.40 and 0.50 euros) to provide mobile users with ads that appear during their search. The recommended number of characters is lower still than traditional internet ads. The «Mobile Marketing Association France» recommends messages between 14 and 50 characters.

Display campaigns: similarly, Display campaigns (banners and sponsored links except on search engines) consist in a clickable display ad placed on operator portals or on other mobile sites. In this regard, it is also possible to customize a mobile page, to make interstitial ads, to broadcast billboard ads at the beginning of a video... Display campaigns are most of the time sold on a CPM basis between 10 and 50 € gross.

Text message / MMS campaigns: may be similar to conventional e-mailing. These campaigns can send information about the brand, the latest news, special offers... to registered consumers.

All campaigns can be accompanied by a «Click to Call» service, where the mobile internet user can directly contact an advisor or an aftersales service.

Advertising on the iPad: from 1st of July 2010 onwards, it will be possible to create specific ads for the iPad via the Apple «iAd» platform (such advertisements are also valid for iPhone / iPod Touch). This platform will allow full screen video ads to be displayed without closing the current application on the terminal. It will also integrate ads within applications. Moreover, the platform will provide developers with a range of advertising formats to integrate into their applications. Apple will sell and display the ads.

The advertising platform of Apple has not yet started, thus this is to be followed.... Remember in all cases (if you do not know it yet) that the iPad does not support Flash. "Traditional" banners/sites in this format will therefore have to be adapted (formats supported by the tablet are html 5, Javascript and CSS).

To choose the type of campaigns to be conducted, it is important to consider the means by which mobile users generally access a mobile site:

- 24% of mobile users access the mobile site by typing its url,
- 40% via search engines,
- 34% by browsing on operator portal entries

As for campaigns on the internet PC access, those on the mobile internet can be accurately tracked. Campaign performance is measured - among others - by the following indicators:

- CTR (it is usually between 1 and 3% for banners. Skins can reach 15%)
- Conversion rate (product or service purchase)
- Navigation data (number of visitors or page views for the advertiser's site from a banner ad)

Some examples of mobile site audiences:

FNAC: 200 000-250 000 visitors per month. An open rate of 90% on text message campaigns and up to 30% returning visitors.

Nouvelles Frontières: about 40,000 visitors per month. A click rate of 0.6% versus 0.09% for traditional web (same banner campaign).

Voyages SNCF: 1 million visits per month. An average of 7000 monthly bookings.

c. Advertise on mobile with AdWords

Google is very active in the mobile sphere. Besides the acquisition of Android and AdMob and the publishing of applications for mobiles (mobile search, Google Voice, Google Earth), many features were added to AdWords to better target mobile internet.

In addition to publishing advertisements on mobile, it is now possible to choose the following:

- The type of operating system
- The phone operator

If, for example you want to promote a product especially on the Orange network to users of Android, you can!

Je souhaite choisir moi-même...

Ordinateurs de bureau et portables

iPhones et autres mobiles dotés d'un navigateur Internet complet

Options avancées liées aux opérateurs et appareils mobiles

Appareils

Tous les mobiles

Cibler uniquement les mobiles sélectionnés

Android iPhone/iPod Touch Palm webOS

Opérateurs

Tous les opérateurs mobiles ?

Cibler uniquement les opérateurs mobiles sélectionnés

Belgique: BASE Proximus

France: Bouygues Telecom Orange SFR

Suisse: Orange Swisscom

It is also possible to ask Google to display your phone number in the ad. Indeed, on the move, the user might not be willing to visit the ad to find and contact the advertiser. In addition, the copy / paste functions are limited on mobile devices. Your number will appear in your advertising, and the user can call you by clicking the number.

Afficher un numéro de téléphone cliquable pour les annonces sur les iPhone et autres smartphones

Pays ou territoire:

N° de téléphone:

Les numéros personnalisés (1-800-GOOG-411, par exemple) ne sont pas encore pris en charge. Ils s'afficheront dans leur forme numérique.

Cette extension d'annonce fonctionne avec les extensions de lieu. [En savoir plus](#)

Conclusion

The rise of mobile internet is still in its infancy, and although technology standards are likely to evolve rapidly, it seems very important for advertisers to be present today on various mobile devices. The audience is there and looking for practical and useful information in connection with this new way to consume internet content. Thus, advertisers should now work with their agencies to find the best way to become essential on this mobile segment.

Please contact us if you want more information about services offered by Eficiens on mobile advertising.

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