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Mobile Advertising and Marketing:
Past the Tipping Point

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Executive Summary: eMarketer's September 2009 mobile advertising report carried the optimistic subtitle "Change Is in the Air." In 2010, change happened: Mobile advertising ramped up at a quicker pace than predicted.

US Mobile Ad Spending, 2009-2014
millions and % change
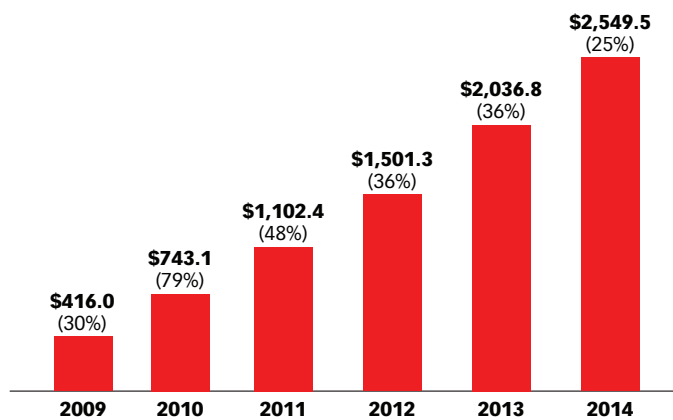
$416.0 (30%)	2009
$743.1 (79%)	2010
$1,102.4 (48%)	2011
$1,501.3 (36%)	2012
$2,036.8 (36%)	2013
$2,549.5 (25%)	2014

Note: includes display (banner, rich media and video), search and messaging-based advertising
Source: eMarketer, Sep 2010

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For additional information on this chart, see the Endnotes section.

The tentative economic recovery can take some credit, but much of the responsibility goes to increased marketer awareness of the importance of using mobile as a channel to connect with consumers. This awareness, in turn, has been driven by key market events:

- Major acquisitions of mobile ad networks by Google and Apple

- The escalating race among super-capable multimedia smartphones

- The launch and rapid success of the iPad

With mobile devices evolving rapidly in capability, feature sets and screen resolution, and with consumers adopting smart devices—phones and now tablets—at a faster rate than feature phones, marketers are overcoming the reluctance to embrace mobile as described in last year's report.

Spending on mobile advertising will grow more than sixfold between 2009 and 2014, reaching nearly $2.55 billion.

Key Questions

- What is the outlook and growth trajectory for mobile advertising and marketing?

- What formats are available to marketers, and which show the most promise?

- How is the mobile marketing landscape changing as a result of high-dollar acquisitions by leading technology companies such as Google and Apple?

The eMarketer View

Key eMarketer Numbers: Mobile Advertising and Marketing	
$2.55 billion	US mobile ad spending in 2014, up from $743.1 million in 2010
43%	US mobile display ad (including video) share of total US mobile ad spending in 2014, up from 31% in 2010
$858.2 million	US mobile search ad spending in 2014, up from $185.0 million in 2010
24%	US mobile messaging ad share of total US mobile ad spending in 2014, down from 44% in 2010
$201.3 million	US mobile video ad spending in 2014, up from $28.3 million in 2010
44%	CAGR (2009-2014) for US mobile ad spending
Source: eMarketer, Sep 2010	

For additional information on this chart, see the Endnotes section.

Mobile finally gets a seat at the table—and a line item in budgets. The rapid expansion of the smartphone market and the attractive usage and demographic profile of smartphone owners have forced more marketers to pay closer attention to mobile. With consumers spending an ever-increasing amount of time in front of their mobile devices, marketers can scarcely afford to do otherwise. The so-called "year of mobile" may never come to pass, but as both a branding and direct response medium, mobile has finally and rightfully earned a seat at the table.

Changes to the mobile device and the advertising landscape are helping to raise mobile's profile. Few businesspeople are able to galvanize marketers and the public like Apple CEO Steve Jobs. The launch of the iPad, a new iPhone and the iAd advertising platform in the space of several months arguably has been the single most effective catalyst to date for mobile advertising. It is safe to say that many marketers who had not previously considered mobile advertising are now eager to tap into its potential. The raft of new smart devices (both phones and tablets) coming to market this year and the stamp of legitimacy applied to the medium by the high-profile entrance of companies such as Apple and Google deserve a lot of credit for this shift.

Mobile platform competition remains fierce. The iPhone and now Android garner most of the attention when it comes to mobile advertising, largely because of the close integration of devices, operating systems and ad networks. But BlackBerry still owns the largest share of the smartphone market. And even though it lags behind its competitors in applications and appeal to marketers, BlackBerry is working to close the gap with a revamped operating system and new social and advertising platforms. Microsoft Windows Phone 7 Series and the Palm WebOS, now owned by computing giant HP, constitute wildcards in this race.

Feature phones, still in the hands of the majority of US mobile users, will progressively get more advanced browsers and operating systems—in essence, "lite" versions of those found on their smartphone siblings. These improvements will help marketers target feature phone users with more sophisticated campaigns and broaden the reach of mobile advertising in general.

The focus of mobile marketing campaigns is shifting toward branding. More capable devices, faster carrier networks, ubiquitous wireless broadband, richer ad units and rising awareness of the possibilities that mobile presents as a marketing channel—these factors are shifting the focus of campaigns more toward the top of the purchase funnel.

Messaging will soldier on as the mainstay of direct response efforts, but brand marketers are boosting their spending on rich media and video advertising to drive awareness and consideration. The reason? Not only are marketers now able to deliver immersive experiences but consumers are also increasingly open to them.

This shift is already well under way on the desktop. Starting with the rich media ads proliferating today, the next five years will see more interactivity, higher-powered creative and perhaps even more emotion in mobile advertising.

Brands need mobile to stay relevant. Mobile devices are not likely to do away with desktop computers or big-screen TVs anytime soon, but they are becoming a more widely used conduit to web-based content and services, simply because of their omnipresence. The amount of time consumers spend with their mobile devices is also growing at a far quicker pace than either PCs or TVs, meaning that marketers who want to travel along with their audience will have to focus more attention on mobile advertising. Half the battle of staying relevant is showing up in the right place and on the right platform.

Mobile Marketing Landscape: Trends and Changes

By all signs, 2009 was a difficult year for the advertising business. According to eMarketer estimates, total advertising spending contracted by 15% in 2009, and that followed a 6% drop in 2008. Online spending suffered less by comparison, falling just 3% in 2009, and the bounceback in 2010 is projected to be steeper, with growth nearing 11%, vs. just a 2% gain in total media dollars.

The fact that mobile ad spending grew 30% in 2009, amid a very challenging economic environment, says a lot about how marketers view mobile as a means to reach consumers. Growth in 2010 is shaping up to be significantly stronger, at 78%, spurred not only by cautious corporate optimism about economic recovery and an attendant loosening of the purse strings, but also the injection of a new dynamic in the mobile space.

Much of this new dynamic is attributable to the entrance of Google and Apple and the ways both companies have sought to redefine the mobile device and advertising markets. Following is a brief timeline of key industry events over the past year.

- Google announced acquisition of mobile ad network AdMob for $750 million (November 9, 2009).

- Apple acquired mobile ad network Quattro Wireless for a reported $250 million (January 4, 2010).

- Google launched Android-based Nexus One "super-phone" (January 5, 2010).

- Apple debuted iPad tablet (January 27, 2010).

- Apple introduced iAd mobile ad platform (April 8, 2010).

Collectively, these events—shots traded by two powerful competitors and sometime partners—have injected new devices and ad inventory into the marketplace. In so doing, they have given mobile advertising new legitimacy, reflected in increased spending estimates from most research firms and investment banks. The one caveat is that spending projections continue to span a wide range, reflecting mobile's status as an emerging channel.

Comparative Estimates: US Mobile Ad Spending, 2008-2014
millions

	2008	2009	2010	2011	2012	2013	2014
Borrell Associates, April 2010	$1,200	$1,700	$6,100	$10,600	$16,600	$24,200	$33,900
JP Morgan, Jan 2010		$1,613	$2,616	$3,790	$5,099	$6,303	-	-
Coda Research Consultancy, Oct 2009	-	$1,485	$2,331	$3,089	$3,597	$3,885	-
MMA, June 2009	-	$1,700	$2,200	-	-	-	-
GroupM, Sep 2009	$648	$775	$932	-	-	-	-
Myers Publishing LLC, Dec 2009	$655	$714	$914	$1,280	$2,048	-	-
Credit Suisse, July 2010	-	$348	$785	$1,615	$3,072	$4,548	$6,213
eMarketer, Sep 2010	**-**	**$416**	**$743**	**$1,102**	**$1,501**	**$2,037**	**$2,550**
The Kelsey Group, Feb 2009	$160	$330	$720	$1,540	$2,260	$3,110	-
PwC, June 2010	-	$570	$803	-	-	-	-
Forrester Research, July 2009	$232	$391	$561	$748	$950	$1,131	-
ZenithOptimedia, July 2010	$232	$391	$561	$802	$1,147	-	-
SNL Kagan, Sep 2010	-	-	$480	-	-	-	-
MAGNAGLOBAL, May 2009	$169	$229	$331	$409	-	-	-
Yankee Group, April 2010	$114	$184	$242	$324	$432	$572	$748
IDC, May 2010	-	$220	-	-	-	-	$1,800

Source: various, as noted, 2009 & 2010

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For additional information on this chart, see the Endnotes section.

The Nexus One, which seemed at first an attempt by Google to tentatively dip its toe into the hardware business, turned out to be something of a gambit. Although not particularly successful from a sales perspective, it did serve Google's goal of getting handset manufacturers to take the Android operating system (OS) more seriously. Virtually every month of 2010 has seen the introduction of powerful new Android-based smartphones, each aggressively marketed with strong multicarrier support.

The push achieved its desired effect: The NPD Group reported in May 2010 that Android devices outsold the iPhone in Q1. Android's growth in market share has likewise been impressive, rising from 7% in January to 17% in July 2010, according to comScore. This growth path is likely to continue unabated into 2011, as more smartphones and new Android-based tablets come on the market.

Leading Smartphone Platforms in the US, April & July 2010
% of total smartphone subscribers

	April 2010	July 2010
RIM	41.1%	39.3%
Apple	25.1%	23.8%
Microsoft	14.0%	11.8%
Google	12.0%	17.0%
Palm	4.9%	4.9%

Note: ages 13+; three-month average for period ending April 2010 and July 2010
*Source: comScore MobiLens as cited in press release, Sep 15, 2010*

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The introduction of the iPad has similarly far-reaching implications for mobile devices. Tablet-style computers have been available for several years but have largely failed to make much of a dent in the market. The iPad provided an antidote to that history of failure by straddling the divide between mobile device and computing device far more effectively than any of its predecessors. It went on sale at the beginning of April 2010 and sold 3.3 million units in Q2, Apple reported in its July 20 fiscal Q3 earnings announcement—nearly equal to the combined number of Mac desktop and laptop computers. In short order, a lackluster market segment was reborn. The next 12 months will see a series of tablet introductions as other manufacturers rush to play catch-up with Apple and capture a piece of this emerging market.

Unlike the smartphone market, where device size and specs are fairly well established, tablet manufacturers have more latitude to experiment with different screen sizes and device features. Some tablets will be more phone-like while others will be more computer-like. Regardless of how they are classified, they will make a noticeable dent in PC sales. By 2015, Forrester projects tablets will surge past both netbooks and desktops, accounting for nearly a quarter of total US computer sales.

US PC Sales, by Type, 2015
% of total

Netbooks 17%
Desktops 18%
Notebooks 42%
Tablets 23%
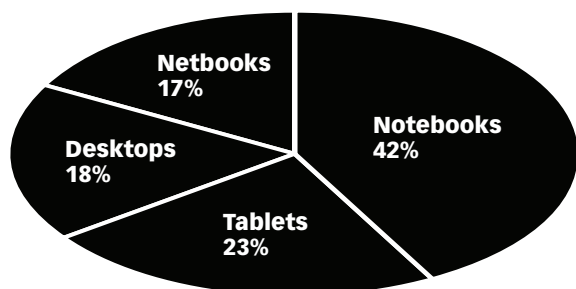
Source: Forrester, "The US Consumer PC Market In 2015" as cited in press release, June 17, 2010

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On the advertising side, Google's and Apple's respective acquisitions have reshaped how (and how much) marketers think about mobile. The increasingly direct competition between Google and Apple is often characterized as a battle of mass vs. class. However, this view oversimplifies the equally significant (and different) effect each company will have on mobile advertising.

Google will help bring scale to mobile advertising, particularly

- When and if AdMob's inventory is integrated with Google's desktop display inventory.

- If Google can make buying mobile display media as easy as it has done with desktop search.

Part of what has made Google so successful is the degree to which it has helped demystify and simplify the media buying process. If it can achieve a comparable result with mobile and provide an equivalent level of tools, reporting and accountability, the effect will be significant in both the number of advertisers it will be able to attract to mobile and the amount they spend.

And scale is vital for the long-term viability of mobile advertising. As Erica Chriss, vice president of strategy and publisher development at Greystripe, put it in a September 2010 interview with eMarketer: "No ad medium ever really works until you hit critical volume."

"AdMob is going to be where brands turn when they need an efficient mobile media buy." *—Chad Stoller, executive vice president of digital strategy at BBDO, in an interview with eMarketer, September 17, 2010*

Apple's acquisition of Quattro, which stemmed from Apple's reportedly spurned bid to buy AdMob and ultimately resulted in the iAd platform, has already served as a powerful catalyst in its own right. There is widespread agreement that the "iAd effect" has produced these key results:

- It has benefited the entire mobile ad space by generating awareness and excitement about mobile advertising, particularly interactive rich media.

- It has reinforced the effectiveness of mobile as a branding medium.

As Apple helps to raise the bar for rich media creative, marketers will start to demand similar experiences but with greater reach across different mobile platforms and publishers. And that is where other ad networks, platforms and rich media firms stand to benefit directly. In some cases, this dynamic has already started to take effect.

What effect has the launch of iAd had on mobile advertising?

AdMob. "We've benefited in a number of ways, first and foremost from the attention it has brought to creative, and mobile, in general."
—*Tony Nethercutt, vice president of sales, in an interview with eMarketer, September 15, 2010*

AT&T. "What Apple did was build a tremendous amount of awareness around in-app rich media advertising. And the success it had with the upfront is evidence of that. It has really helped build out that market whereby now there are a lot of advertisers who are aware of in-app rich media advertising and interested in doing it. And I think that's a good thing for everybody in this space."
—*Maria Mandel, vice president of marketing and media innovation, in an interview with eMarketer, September 9, 2010*

BBDO. "Anytime Apple takes a product that's been out in the market before, redefines it, simplifies it and comes up with a way to convey the value of that product, it's always successful. It has been doing that for the past 10 years. There is definitely a reason why you have that little apple that appears in the lower right-hand corner of the [iAd] ad unit. It's almost like a seal of approval from Apple."
—*Chad Stoller, executive vice president of digital strategy, in an interview with eMarketer, September 17, 2010*

Greystripe. "Apple seemed to be saying that everything we've done and thought of in terms of the importance of interactivity and really amazing creative is exactly what they think advertising should be. So from our point of view, that was a pretty strong endorsement of not just mobile advertising, but specifically interactive rich media mobile advertising from Apple."
—*Erica Chriss, vice president of strategy and publisher development, in an interview with eMarketer, September 20, 2010*

Medialets. "By not particularly understanding the ad market, or conversely understanding it and believing that they can do things very differently, Apple has gotten a whole bunch of brands excited about mobile, particularly interested in doing rich interactions in mobile. So from that perspective, they've been enormously beneficial to the market."
—*Eric Litman, CEO and founder, in an interview with eMarketer, September 7, 2010*

Microsoft Advertising. "Clearly there was a question for a long time as to whether or not this was really a viable marketing channel. I think that's been settled over the course of the last year, and it's primarily been settled by investment. The only conclusion you can draw from all this activity is this is an important channel."
—*Jamie Wells, global director of trade marketing for mobile, in an interview with eMarketer, September 10, 2010*

Transpera. "With iAd in the market, it got everybody talking about the power of mobile as a branding mechanism, and that's a rising tide that we've seen float all boats, including our own."
—*Frank Barbieri, founder and chief product officer, in an interview with eMarketer, September 9, 2010*

Vibes Media. "Marketers are finally awakening, and Google's and Apple's acquisitions have done wonders for the awareness of marketers in general. Every CMO in the country is now talking about mobile and mobile marketing strategy."
—*Jack Philbin, president and co-founder, in an interview with eMarketer, September 16, 2010*

Apple faces a number of well-known challenges that have begun to tarnish the aura of its ad platform. One is that iAd lacks reach. Jami Lawrence, associate director of mobile marketing at Publicis Modem, told the audience at the September 2010 Digiday Mobile conference in New York that the creative potential inherent in iAd notwithstanding, "it's really a small audience," adding that "it's not efficient for me to recommend something like iAd when I'm trying to pull maximum reach for my clients." This is a necessary limitation that comes with a siloed network and exclusive inventory.

Cost is also an issue. For many brands, the investment required to participate in iAd is simply beyond their reach, especially when the platform's lack of efficiency is factored in. "You're talking about a lot of investment and a long cycle time for a smaller reach, and it's a hard calculation to do," said Frank Barbieri, founder and chief product officer at Transpera, in a September 2010 interview with eMarketer.

But like the Nexus One, iAd's main contribution ultimately may be as a catalyst that helps to elevate the profile of mobile advertising and raise the bar for rich media creative. eMarketer interviews with industry executives indicate that thanks in part to iAd, marketers already have started to demand rich media advertising experience with greater reach across different mobile platforms and publishers. This dimension of the iAd effect stands to benefit the mobile advertising ecosystem as a whole.

The bottom line: Whether or not Apple ends up being good at mobile advertising, iAd has been good *for* mobile advertising.

Ad Spending Outlook: A Rising Tide Lifts All Boats

US Mobile Ad Spending, by Format, 2009-2014
millions & CAGR

	2009	2010	2011	2012	2013	2014	CAGR
Messaging	$228.8	$327.3	$422.0	$476.7	$528.5	$602.5	21%
Display	$91.4	$202.5	$334.5	$489.1	$693.4	$887.6	58%
Search	$83.2	$185.0	$295.1	$451.4	$681.1	$858.2	59%
Video	$12.6	$28.3	$50.8	$84.0	$133.8	$201.3	74%
Total	**$416.0**	**$743.1**	**$1,102.4**	**$1,501.3**	**$2,036.8**	**$2,549.5**	**44%**

Note: numbers may not add up to total due to rounding
Source: eMarketer, Sep 2010

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For additional information on this chart, see the Endnotes section.

Highlights

■ eMarketer's 2010 forecast has been raised by $150 million compared with its September 2009 prediction.

■ Total mobile spending is projected to increase by 79% in 2010.

■ Display, including video, will account for 31% of total spending in 2010, up from 25% in 2009.

Unlike online advertising, which saw spending declines in 2009, mobile was hardly in need of a bounceback. Spending grew 30% in a down year, and the momentum carried forward into 2010. eMarketer projects a 79% growth rate for 2010, with spending buoyed by greater optimism about the economy, marketers' increased urgency of engaging with the mobile channel, the halo effect of new devices and ad inventory, and the continued rise in smartphone adoption and usage.

These factors make for a notably more bullish outlook for mobile advertising than a year ago. eMarketer projects total spending of $1.1 billion in 2011 (up from $830 million in the September 2009 forecast). The growth curve for each of the measured formats—display, search and messaging—is steeper than before. Total spending will more than triple between 2010 and 2014, rising from $743.1 million to $2.55 billion.

Growth in mobile display and search advertising revenues is predicated on the ongoing increase in smart device penetration and the advance of mobile internet usage. eMarketer estimates 101.1 million US mobile users, representing 40% of all users, will access the internet from their devices in 2011. By year-end 2014, this number will rise to 142.1 million, representing 54% of the user base.
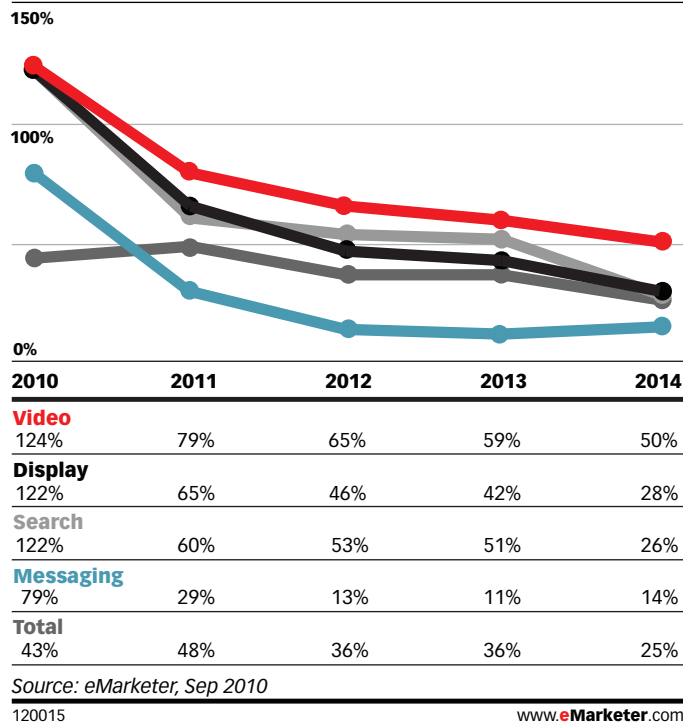
eMarketer's model likewise assumes that mobile users will be viewing more webpages and engaging with more ad-supported apps, which will drive up display ad impressions. Similarly, users will be conducting more searches via both browsers and search-specific apps. Despite this rise in activity, mobile search is not expected to cannibalize desktop search, primarily because it will be increasingly relevant for localized searches driven by the budding nexus of mobile, social and location.

Messaging volumes continue to rise exponentially, and the appeal of messaging-based advertising is that it reaches the widest possible mobile audience. Messaging is as close to a universal activity as there is for mobile users, and high interaction rates mean that SMS will remain a mobile marketing staple. "SMS provides that reach strategy," said Jeff Hasen, chief marketing officer of Hipcricket, in an interview with eMarketer, "and we don't really see that going away." But, he continued, "while we believe SMS is going to be important for the foreseeable future, there are folks who are going to want a richer experience." For that reason, revenues will be outpaced by that of richer mobile ad units, most notably display.

"The investment you're seeing today is really an investment in the future and this is just starting to accelerate. It's really a five-year game." *—Jamie Wells, global director of trade marketing for mobile at Microsoft, in an interview with eMarketer, September 10, 2010*

This year's forecast is also more nuanced, with video broken out from the larger display category for the first time. As on the desktop, video represents a small but fast-growing component of mobile display advertising that appeals to marketers looking to replicate the sound, motion and emotion of TV.

US Mobile Ad Spending Growth, by Format, 2010-2014
% change

	2010	2011	2012	2013	2014
Video	124%	79%	65%	59%	50%
Display	122%	65%	46%	42%	28%
Search	122%	60%	53%	51%	26%
Messaging	79%	29%	13%	11%	14%
Total	43%	48%	36%	36%	25%

Source: eMarketer, Sep 2010

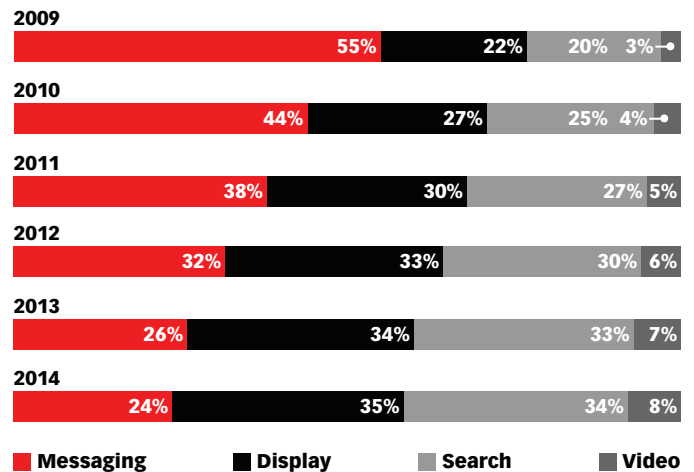120015   www.**eMarketer**.com

For additional information on this chart, see the Endnotes section.

Relative to eMarketer's September 2009 forecast, the steeper growth in display (banners, rich media and video) will be accompanied by a sharper drop in messaging's share of total mobile ad spending. eMarketer now predicts messaging will account for 44% of the total in 2010, vs. 48% in last year's forecast. By 2014, messaging's share will drop to 24%, while display, including video, will account for 43%.

These shifts reflect the evolution of mobile from a channel associated primarily with direct response campaigns to one marketers will increasingly use for branding purposes. In short, the continued development of devices, browsers and mobile networks, combined with the availability and marketer awareness of richer ad units, will significantly enhance how marketers will be able to use mobile to interact and engage with consumers.

US Mobile Ad Spending Share, by Format, 2009-2014
% of total

2009
| 55% | 22% | 20% | 3% |

2010
| 44% | 27% | 25% | 4% |

2011
| 38% | 30% | 27% | 5% |

2012
| 32% | 33% | 30% | 6% |

2013
| 26% | 34% | 33% | 7% |

2014
| 24% | 35% | 34% | 8% |

■ **Messaging**   ■ **Display**   ■ **Search**   ■ **Video**

Note: numbers may not add up to 100% due to rounding
Source: eMarketer, Sep 2010

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For additional information on this chart, see the Endnotes section.

Display

Display is the mobile advertising segment that has benefited most directly from the advent of iAd. The launch of Apple's platform has created new inventory and new excitement around premium interactive display advertising, which in turn have injected new spending.

The logic for launching a siloed network comes into focus when looking at monthly metrics reports from ad networks such as Millennial Media and AdMob. Devices running the Apple OS regularly account for more than half of total ad requests (that is, impressions) on these networks. Studies by Smaato, an ad network aggregator, further indicate that clickthrough rates for Apple devices remain consistently among the leaders by mobile OS platform. Given these results, there is little wonder why Apple has invested so heavily in trying to keep some the ad revenues generated by users of its devices.

US Smartphone Advertising Requests Served by Millennial Media, by Operating System, June 2010
% of total
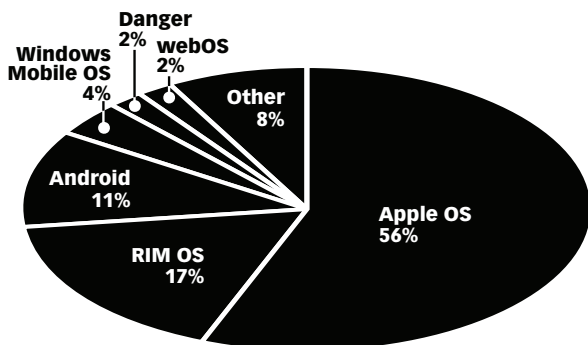
Source: Millennial Media, "Mobile Mix: The Mobile Device Index," Jul 15, 2010

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Although currently reserved for big spenders, the influence of iAd on the mobile display market should not be discounted. According to estimates from the International Data Corporation (IDC), Apple has now surged into a tie with Google in the race for control over mobile ad spending.

US Mobile Ad Spending Share, by Ad Network, 2009 & 2010
% of total
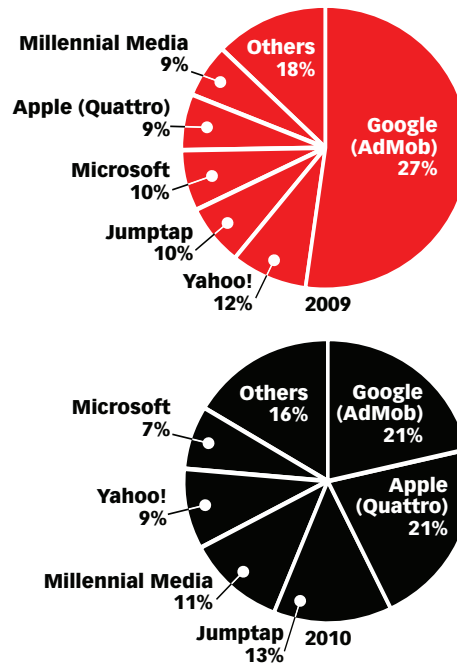
Source: International Data Corporation (IDC) as cited by Bloomberg BusinessWeek; eMarketer calculations, September 26, 2010

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"It's not going to be a two-horse race," Karsten Weide, IDC's research vice president for digital media and entertainment, told BusinessWeek in September 2010, referring to Google and Apple. "The race by no means is over."

The cost associated with running an iAd campaign will keep other contenders in the race. The minimum investment required is estimated to be $1 million, which constitutes a large budget for most mobile advertisers. Consequently, it stands to reason that the big increase in spending on iAds is coming from a small albeit significant group of brands unlikely to be deterred by the high cost of entry. In June 2010, Apple announced it had received $60 million in commitments for the second half of the year from the likes of Disney, DirecTV, AT&T, Unilever, Nissan, GEICO, Target, Sears, JCPenney and Best Buy.

The richness of the iAd experience holds broad appeal, but eMarketer interviews with industry executives suggest that many marketers want greater reach across multiple mobile platforms at a lower cost than Apple's exclusive network. As such, many have turned to Apple's competitors, and this has helped boost overall display spending. The net result: eMarketer has raised the projection for 2010 display ad spending by 40% relative to the September 2009 forecast.

The Mobile Standards Battle: Flash vs. HTML5

Apple and Adobe got into a very public spat earlier this year after Apple CEO Steve Jobs posted his "Thoughts on Flash" manifesto addressing why Apple's iOS devices do not support Adobe's multimedia software. He cited several factors, saying that Flash is proprietary, unreliable, not secure and causes severe battery drain.

Adobe's chief technology officer, Kevin Lynch, responded with a post of his own. The title, "Moving Forward," spoke volumes about Adobe's approach to the standoff with Apple: It would focus on bringing Flash to Android and other mobile platforms.

In September, Apple surprised the mobile community by loosening restrictions in its app development policy and allowing for apps created with third-party tools, including Flash. Apple's mobile browser remains closed off to Flash, however. Meanwhile, Google, the sponsor of the Android OS, has been emphasizing HTML5-based web versions of its core applications, including Gmail and YouTube, potentially lessening the effect of Flash on Android devices.

Erica Chriss of Greystripe, a company that has seen a great deal of success in transcoding Flash for the iPhone, professed to be excited about the advent of Flash on more mobile devices. Still, she did not foresee a wholesale shift in the type of experiences users will see on their phones. "We're seeing stuff that really leverages the touch and the interactivity already. I don't think Flash will necessarily change that," she said in an interview with eMarketer.

Medialets CEO Eric Litman was more emphatic. "Flash is dead," he told eMarketer. "I just don't think the market knows it yet." His reasoning focused on two key points:

■ Advertisers are becoming more comfortable "when working with the tools and processes around HTML5."

■ There will ultimately be more devices (mobile and otherwise) that are HTML5-capable than Flash-capable. "HTML5 is going to be in an awful lot of places, a lot more than Flash will be," Litman said. "If you're building a rich ad experience in HTML5, and the predominance of desktops now and in the not-so-distant future will be supporting HTML 5, why on earth would you also build a creative Flash experience?"
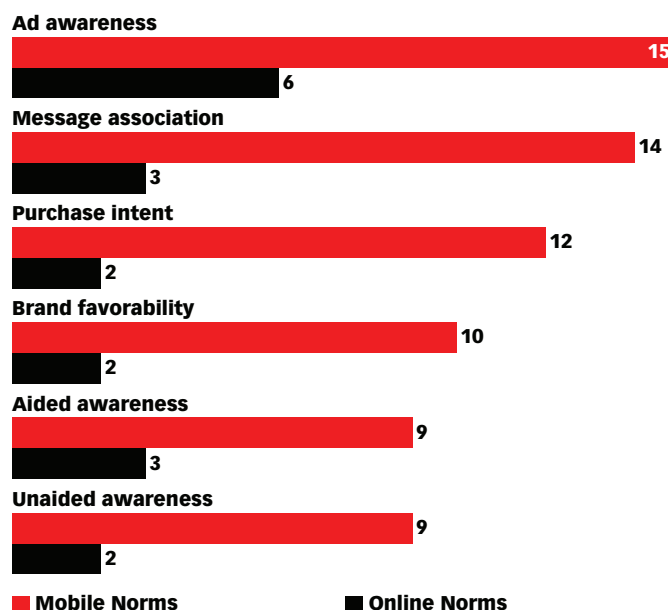
One explanation, cited in digital agency 360i's 2010 "Mobile Marketing Playbook," is that "there are still many things that Flash can do that can't be duplicated with HTML5, and Flash has the additional advantage of a huge developer base and a mature suite of development tools. Even in the worst-case scenario," the report concluded, "Flash won't be going anywhere soon."

Mobile display continues to prove an effective channel. The 11th installment of InsightExpress' "Digital Consumer Portrait" uncovered impressive branding and direct response metrics for mobile display campaigns, particularly relative to online ads but also in relation to other mobile ad formats.

The study found that banner ads on mobile websites generate the highest clickthrough rates and the lowest annoyance factor, although among "mobile intensives," 68% of whom have smartphones, app banners (appearing in both the top and bottom of the application) also generated favorable results. In some cases, particularly where brand favorability and purchase intent are concerned, mobile ads can be five to six times more effective than online ads.

Mobile and Online Advertising's Effect on Brand Metrics in the US, Nov 2007-Dec 2009
average delta* above control

Ad awareness
- Mobile Norms: 15
- Online Norms: 6

Message association
- Mobile Norms: 14
- Online Norms: 3

Purchase intent
- Mobile Norms: 12
- Online Norms: 2

Brand favorability
- Mobile Norms: 10
- Online Norms: 2

Aided awareness
- Mobile Norms: 9
- Online Norms: 3

Unaided awareness
- Mobile Norms: 9
- Online Norms: 2

■ Mobile Norms   ■ Online Norms
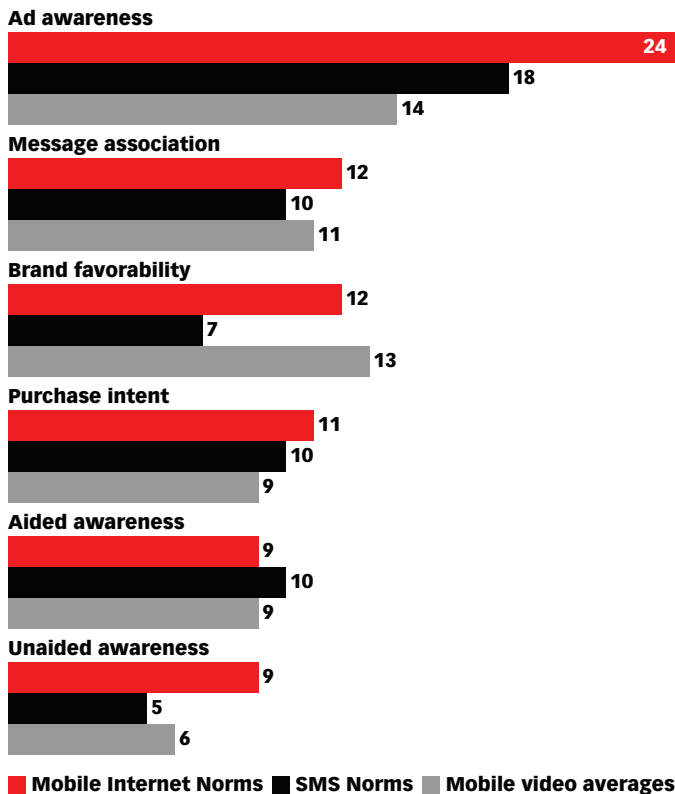
Note: *delta defined as point difference in exposed vs. control groups
Source: InsightExpress, "Digital Consumer Portrait," May 4, 2010

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Overall, mobile display ads outperformed SMS and mobile video in every category other than aided awareness and brand favorability.

Other more industry-focused studies reinforce InsightExpress' findings. A July 2010 MediaMind report examining the efficacy of a variety of display ads for the auto industry, for example, found that mobile banners significantly outperformed standard banners. Clickthrough rates, which were best for rich media formats like floating ads and commercial breaks, were twice as high for mobile banners than standard banners. Mobile banners also had a higher conversion rate than several online display ad types, and again performed twice as well as standard banners.

Greystripe has achieved similar results with immersive mobile ads it produced for Buick. They performed about four times better than static mobile ads in terms of clickthrough rates.

"Mobile advertising hasn't lost its efficacy. If anything, as people understand their devices better and what they can do, clickthrough rates tend to go up."
—Erica Chriss, vice president, strategy and publisher development at Greystripe, in an interview with eMarketer, September 20, 2010

Video

Thanks to the steady improvement of mobile devices, the increase in mobile broadband availability and the emergence of viewing options outside the carrier networks, the mobile video audience is set for expansion. As detailed in eMarketer's August 2010 "**Mobile Content: Games, Music and Video Take to the Cloud**" report, it will increase threefold from 18.3 million viewers in 2009 to 56.7 million in 2014.

The growth of mobile video advertising will follow a similar dynamic to desktop video advertising. The rapid growth in the potential audience, coupled with the continued development and distribution of more professional-quality mobile video, will encourage advertisers to boost their spending on video ads. At the same, the availability of more appealing viewing options will make the target audience more receptive to advertiser messages, which will also prompt advertisers to focus more attention on mobile video ads.

As noted, video will be by far the fastest-growing mobile ad format, much as it is on the desktop. The key driver of that growth is likewise similar: Video is the ad format with the greatest potential for delivering the kinds of rich messaging to which marketers have grown accustomed in traditional media such as TV.

Mobile also offers appeal to advertisers because of the uniqueness of the medium. According to Rhythm NewMedia's Q2 2010 "Mobile Video Advertising Report," video viewing is spread fairly evenly throughout the day, unlike TV, which experiences a sharp spike at primetime. This pattern provides marketers with enhanced opportunities to get their message across.

"The beauty of the smartphone is that you cannot really multitask on it. If somebody has decided to spend five, 10 minutes, half an hour watching video on their handheld, they cannot possibly be doing a second thing. It is in fact the ultimate, most immersive, pre-roll experience other than TV. For that reason I believe that mobile is the ultimate branding vehicle." *—Ujjal Kohli, CEO at Rhythm NewMedia, in an interview with eMarketer, September 13, 2010*

Industry executives position the expansion of video as part of larger shift in the emphasis of mobile advertising. "What we're seeing in the market is a shift from the narrow part of the funnel—text, banners, search—all really aligned around the intent and conversion part of the funnel, to where brand building is becoming a very easy and relevant thing to do on mobile, and that's still addressing the top of the funnel," said Transpera's Barbieri. "Now we're seeing brands really putting big money against awareness and perception," he continued, "and that's where video plays a great role because the power of sight, sound and motion conveys brand quality and brand attributes really powerfully."

But despite outpacing all other mobile ad formats from 2009 to 2014, total mobile video ad spending will remain modest in relation to more established formats. By 2014, video will account for 19% of all display spending (up from 12% in 2010) and 8% of total mobile ad spending (up from 4% in 2010).

Where are mobile video advertising budgets coming from?

Rhythm NewMedia. "This year we've done our first upfront in mobile video. A large brand has taken a small piece of its TV budget and actually moved it to mobile video and given it to us as an upfront buy, but I don't think there's a hard and fast rule. I would say that the money is going to come out of TV although it will be so small that I don't even know if TV people will notice in the next few years."
—*Ujjal Kohli, CEO, in an interview with eMarketer, September 13, 2010*

Transpera. "It's a combination of new and a shift from traditional. We're seeing ourselves put on media plans with online video buys, and mobile video's really becoming a reflexive part of those media plans, so the question is where is *that* money coming from? I think that online video buying money is coming from television, print and outdoor."
—*Frank Barbieri, founder and chief product officer, in an interview with eMarketer, September 9, 2010*

eMarketer's mobile video advertising model assumes that, initially, the majority of video ads will be tied to video content. But over time, this share will decrease as standalone video ads proliferate to non-video sites and applications. Barbieri confirmed this trend, noting that Transpera is "putting video and video-related and video-anchored ads in games, social media applications, utility applications and entertainment applications as well as video-centered applications." Increasingly, therefore, the type of content will not be the primary determinant of the ad unit that appears alongside it. "The important thing," said Barbieri, "is to focus on the user experience and make sure that it's great."

The findings in Rhythm NewMedia's "Mobile Video Advertising Report" suggest that video ads generally receive a favorable response from viewers. Completion rates neared 90%, meaning that viewers were seeing the ads, and average clickthrough rates were high, albeit with significant variation. For example, click rates for video ads displayed at the launch of an application ranged from as low as 3% to as high as 13%.

Interestingly, Rhythm's study also found that for campaigns run on its network for packaged goods, travel, entertainment and food and beverage brands, clickthrough rates for display ads improved significantly when paired with pre-roll video ads. Banner ads and full-page ads packaged with pre-roll video spots saw 45% and 50% higher click rates, respectively, demonstrating the value in reinforcing the brand message.

Average CTR for Mobile Video Ads Served over the Rhythm NewMedia Network, by Format, Q2 2010

Format	CTR
App launch	7.5%
Full-page interstitial	6.2%
Interactive pre-roll video ad	1.3%
Banner	0.4%
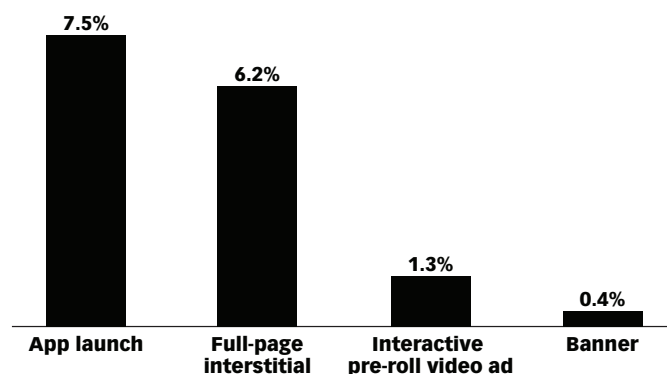
Note: average monthly views on the iPhone, iPod touch, iPad and Android in the US
Source: Rhythm NewMedia, "Mobile Video Advertising Report: Q2 2010," Aug 15, 2010
119139   www.**eMarketer**.com

In Focus: The Effect of Metered Bandwidth on Video Advertising

Watching video is one of the heavier bandwidth-consuming activities. Earlier this year, AT&T, the US's second-largest wireless carrier, made waves by doing away with its unlimited mobile data plans and rolling out tiered plans with bandwidth caps. Verizon Wireless, the No. 1 carrier, has indicated it will follow suit within the coming six months.

The more expensive of the two AT&T plans, priced at $25 per month, caps data usage at 2 GB a month. AT&T justified the move by pointing out that 98% of its current smartphone customers average less than 2 GB of data use a month.

On the other hand, the growing availability of video and video advertising on mobile devices points the way to greater bandwidth consumption. However, executives from firms specializing in mobile video advertising downplayed the effect of metered data plans.

In an interview with eMarketer, Ujjal Kohli, CEO of Rhythm NewMedia, said "My view is that the amount of video will shift more to Wi-Fi if, in fact, the plans are too restrictive. But even AT&T's $25 plan is 2 gig, so it more than covers video viewing for anybody other than somebody who is obsessively watching for a long time. I don't expect any substantial impact from 3G or operator plans."

Frank Barbieri, founder and chief product officer at Transpera, suggested that tiered pricing could actually benefit rich media and video advertising by encouraging more consumers to adopt data plans. "The interesting thing—and why I think it's a benefit for the industry—is they opened up this new pricing model, which has an entry level at the lower tier. That's going to be a gateway price plan to get people hooked on using data on their phones and so you're going to see market expansion happen," he told eMarketer. "I fully expect those people to start consuming more data and move up into that middle-tier pricing."

Search

At an April 2010 event designed to showcase the fourth iteration of the Apple mobile OS and to introduce iAd, Steve Jobs made headlines with a provocative remark about mobile search. "On the desktop search is where it's at; that's where the money is," he said. "But on a mobile device, search hasn't happened. Search is not where it's at, people are not searching on a mobile device like they do on the desktop." Rather, they are using applications as the gateway to content and advertising, Jobs asserted.

The statement was a not-so-subtle jab at Google and an effort to play up Apple's competitive advantage in the mobile ecosystem: the breadth of its app store. But usage statistics say otherwise.

According to Credit Suisse's July 2010 "Mobile Internet Survey," search was one of the top three activities among all mobile users, and actually ranked higher among those with iPhones than it did with Android device owners. Moreover, only 21% of all mobile users surveyed said that use of apps had led them to reduce their use of search on their mobile devices. On the other hand, among iPhone and Android device owners, the metric exceeded the average by a considerable margin, at 55% and 61%, respectively.

Mobile Internet Activities of US Mobile Phone Users, 2010
% of time spent

	Android	iPhone	Total
Communications	22.5%	21.7%	31.2%
Search	9.9%	11.8%	6.7%
Web surfing/browsing	6.6%	10.4%	6.4%
Social networking	8.5%	10.9%	6.1%
Play games	8.8%	9.6%	5.0%
Entertainment/content	6.2%	7.3%	4.2%
Maps	8.5%	8.0%	3.8%
Get information	5.2%	6.8%	3.2%
Shopping/ecommerce	8.2%	5.1%	2.2%
Twitter	5.3%	4.5%	1.8%
Other	10.4%	4.1%	29.4%

Source: Credit Suisse, "Mobile Internet Survey 2010" as cited in "Convergence 2010: The Wireless Web World," July 15, 2010

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Data from comScore likewise places search among the top categories for mobile browsing, used by 47% of all mobile subscribers. Year-over-year growth for search applications was brisk, up 90% from April 2009 to April 2010.

Fastest-Growing US Mobile Application Categories, April 2009 & April 2010
thousands of unique users and % change

	April 2009	April 2010	% change
Social networking	4,270	14,518	240%
Weather	8,557	18,063	111%
News	4,148	9,292	124%
Sports information	3,598	7,672	113%
Bank accounts	2,340	4,974	113%
Maps	8,708	16,773	93%
Movie information	3,296	6,359	93%
Online retail	1,416	2,701	91%
Search	5,434	10,315	90%
Photo- or video-sharing service	3,131	5,950	90%
Total application users*	**54,414**	**69,639**	**28%**

Note: ages 13+; three-month average for period ending April 2009 and April 2010; *excludes games preloaded on device
Source: comScore MobiLens as cited in press release, June 2, 2010
116260   www.**eMarketer**.com

Ads viewed while conducting searches produce fairly high recall and response rates. A March 2010 study by Luth Research for the Mobile Marketing Association found that 29% of mobile users noticed ads every time or more than half the time while searching for information. Recall rates were well above the norm among 18- to 24-year-olds. Overall response rates were roughly equal to the recall rate, at 28%, with clicking on the ad the most common response.

US Mobile Content Users Who Recall Seeing Ads*, by Mobile Activity and Age, March 2010
% of respondents in each group

18-24	25-34	35-44	45-54	55-64	65+	Total
While browsing Websites using your mobile phone						
45%	44%	29%	27%	26%	0%	35%
While searching for information using your mobile phone						
40%	33%	30%	22%	15%	0%	29%
While using an app you have downloaded to your mobile phone						
45%	34%	18%	11%	11%	25%	26%
While sending/receiving text messages						
21%	12%	13%	14%	8%	3%	13%
While using a map, navigation or used some other service on your mobile phone that automatically determines your current location						
9%	8%	13%	10%	8%	0%	9%

Note: who use content at least once per month; in the past month; *more than half the time
Source: Mobile Marketing Association (MMA), "Consumer Use of Location-Based Services: United States" conducted by Luth Research, April 20, 2010
114872   www.**eMarketer**.com

"Most people would agree that a mobile searcher is more of an intent-based searcher: more likely to be looking to complete an action in the very short term, as opposed to the information-gathering mode that you typically see on the desktop." —*Jamie Wells, global director of trade marketing for mobile at Microsoft, in an interview with eMarketer, September 10, 2010*

At issue is control over the advertising and marketing dollars flowing into mobile. eMarketer estimates that mobile search spending will total $2.47 billion between 2010 and 2014.

Google is far and away the leader in this market segment. According to StatCounter, Google has consistently commanded more than 95% of the US mobile search market in 2010, with Yahoo! and Microsoft's Bing a very distant second and third, respectively.

Credit Suisse estimates that Google retains roughly 75% of the revenues derived from mobile searches performed on the Google network, with the balance going to partners (the wireless carriers, in Credit Suisse's estimation) in the form of traffic acquisition costs. Along with its other forays into the mobile ecosystem through Android and the AdMob acquisition, Credit Suisse believes Google is positioned to take advantage of more than 95% of what it calls the mobile internet "opportunity."

Android is a key piece in what Google has called its "mobile first" strategy. On Google's Q2 2010 earnings call on July 16, CFO Patrick Pichette said Android "is not a huge resource investment, but it's a formidable return in that what you have is the entire ecosystem exploding." Over the course of 2010, Google has been actively engaged in trying to harness that explosion by tying together the various strands of the search experience in accessible web-based and app interfaces. This effort includes everything from voice search to maps and navigation to location-based recommendations to product search.

Google expects its strategy to pay big dividends over the long haul. At the September 2010 TechCrunch Disrupt conference in San Francisco, Google CEO Eric Schmidt told the audience: "Eventually we think mobile will be the majority of the searches and the majority of the revenue, but it's a long time."

"It appears to us that Google is currently in 'land grab' mode, acquiring key elements (search distribution deals, device shelf space for Android, the AdMob acquisition) to participate in virtually all parts of the mobile Internet value chain (95%+ of the online mobile opportunity)." —*Credit Suisse, "Convergence 2010: The Wireless Web World" report, July 15, 2010*

Despite the strong position Google has taken in mobile search, competitors have not been deterred from pursuing a piece of the rapidly expanding market. For example, Microsoft struck a search distribution deal with Verizon Wireless, the US's largest carrier, for Bing to be the default search provider for new Android smartphones. Given Verizon's ties to Android and Android's close association with Google, the deal surprised some in the industry. But as Jamie Wells, global director of trade marketing for mobile at Microsoft, pointed out in an interview with eMarketer, "Android is in fact an open platform and OEMs are free to do with it what they please."
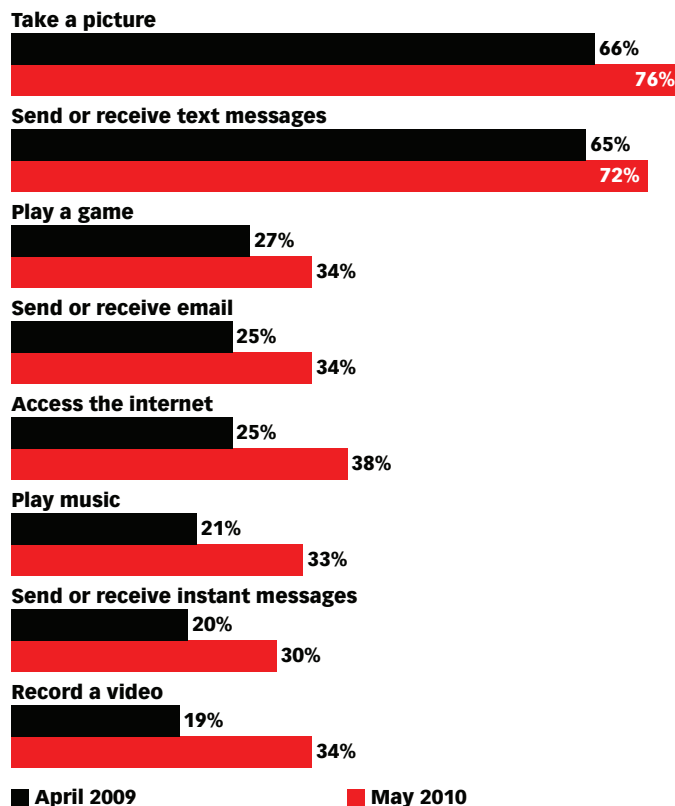
Microsoft's approach is to focus less on the act of searching and more on the end goal of finding. "The whole brand position behind Bing and where Microsoft is heading in search—looking for that competitive differentiator with Google—isn't about looking for information," said Wells. "Regardless of screen, it's about helping you come to a decision and getting there faster, and in mobile, nowhere is that more evident."

Messaging

Texting is as close to a universal activity as there is among mobile users. According to comScore, 66% of all mobile subscribers sent text messages in the three-month period ending in July 2010.

The Pew Internet & American Life Project's "Mobile Access 2010" study reached a similar conclusion, finding that 72% of adult mobile users send or receive text messages. "The Rise of Apps Culture," a separate study by Pew, produced in conjunction with Nielsen, found that among the smaller population of app users, representing 35% of the total, SMS usage exceeded 90%.

Mobile Content Activities, April 2009 & May 2010
% of US mobile phone users

Take a picture
- April 2009: 66%
- May 2010: 76%

Send or receive text messages
- April 2009: 65%
- May 2010: 72%

Play a game
- April 2009: 27%
- May 2010: 34%

Send or receive email
- April 2009: 25%
- May 2010: 34%

Access the internet
- April 2009: 25%
- May 2010: 38%

Play music
- April 2009: 21%
- May 2010: 33%

Send or receive instant messages
- April 2009: 20%
- May 2010: 30%

Record a video
- April 2009: 19%
- May 2010: 34%

■ April 2009   ■ May 2010

Note: ages 18+; May 2010 n=1,917
Source: Pew Internet & American Life Project, "Mobile Access 2010," Jul 7, 2010
117352   www.**eMarketer**.com

If mobile audience reach is viewed in terms of a pyramid, messaging constitutes the base. It does not require a smartphone and is supported by over 90% of the handsets on the market. With texting a near-universal activity and SMS volumes growing exponentially each year, messaging will remain an important ad format for marketers.

US Monthly Text Message Volume, H1 2005-H1 2009
billions

	2005		2006		2007		2008		2009
	H1	H2	H1	H2	H1	H2	H1	H2	H1
	32.5	48.7	64.8	93.8	147.0	215.6	385.0	620.2	740.3
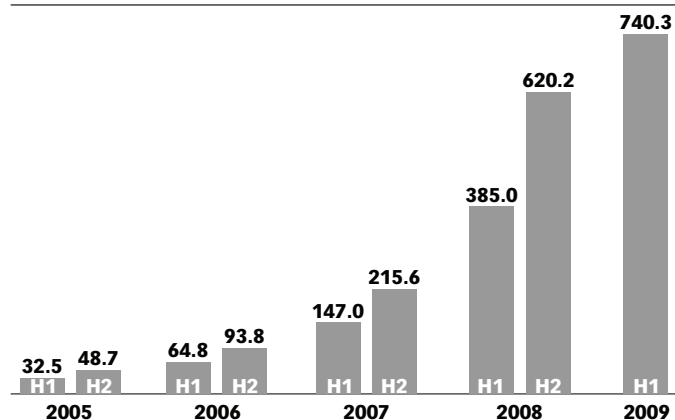
Source: CTIA - The Wireless Association as cited by Federal Communications Commission (FCC), "Annual Report and Analysis of Competitive Market Conditions With Respect to Mobile Wireless, Including Commercial Mobile Services, Fourteenth Report," May 20, 2010
115769   www.**eMarketer**.com

eMarketer predicts that message-based ad revenues will nearly double between 2010 and 2014, rising from $327.3 million to $602.5 million. Yet messaging's share of total mobile advertising will experience a steep decline, falling from 44% of the total in 2010 to 24% in 2014.

Part of the reason for the dynamic is the influx of brand dollars into mobile advertising. Display—static banners, rich media and video—will garner an increasing share of marketers' investment in mobile. Simply put, marketers are gravitating toward richer ad formats.

Speaking with eMarketer, Julie Shumaker, vice president of sales and marketing at 4INFO, a company whose roots lie in message-based advertising, admitted that SMS is "definitely not our big revenue driver as far as our growth. However, it continues to be the high-performing ad unit that delivers ROI in our campaigns."
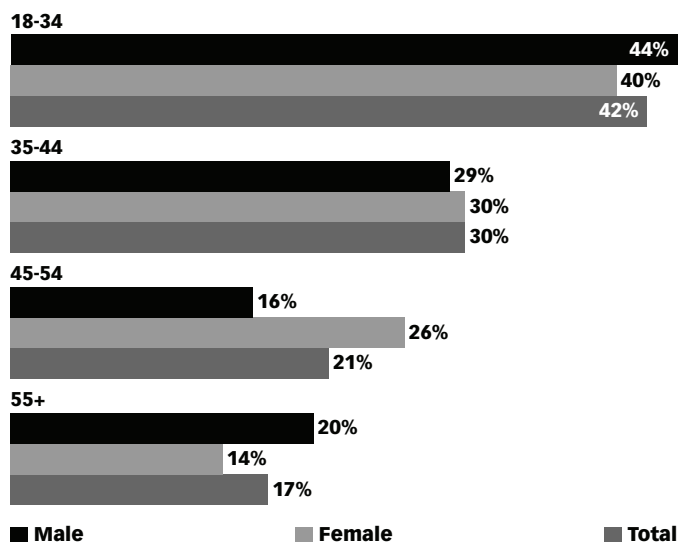
4INFO expanded into display and applications-building through the acquisition of Butter in June 2010, largely in response to client demand for rich ad capacity. "I'm not sure in a healthy advertising ecosystem that there is ever a long-term business in one ad unit," said Shumaker.

Therein lies the paradox about messaging as an advertising channel: While it is highly effective, it is often overlooked because of its sheer lack of visual appeal and the challenge of telling a story in a maximum of 160 characters. It is, as Shumaker noted, a "low-tech, high-impact ad unit." And when asked about the prospects for multimedia messaging (MMS), she classified it as "very much a niche unit" that is more about peer-to-peer communications than it is about brand-to-consumer interactions.

Jack Philbin, founder and president of Vibes Media, which in August 2010 sent its one billionth text message on behalf of clients, offered some additional nuance about message-based advertising. "The reality is it's the workhorse of the industry. It's underappreciated, and it's underutilized, frankly," he told eMarketer. "It's extremely powerful in terms of dialogue and the ability to instantly engage a consumer in a conversation, and that's a lot more powerful than static images like display ads or ads in apps."

When polled by Harris Interactive and Placecast about the prospect of receiving alerts about new products, sales and promotions from their favorite merchants, restaurants or stores, 28% of consumers expressed interest in dialogue with marketers, with 18-to-34 year-olds responding well above the norm. These results indicate the potential of permission-based SMS for engaging consumers in a conversation.

Interest in Receiving Text Alerts* from Marketers, by Age and Gender, May 2010
% of US mobile phone users

18-34
- Male: 44%
- Female: 40%
- Total: 42%

35-44
- Male: 29%
- Female: 30%
- Total: 30%

45-54
- Male: 16%
- Female: 26%
- Total: 21%

55+
- Male: 20%
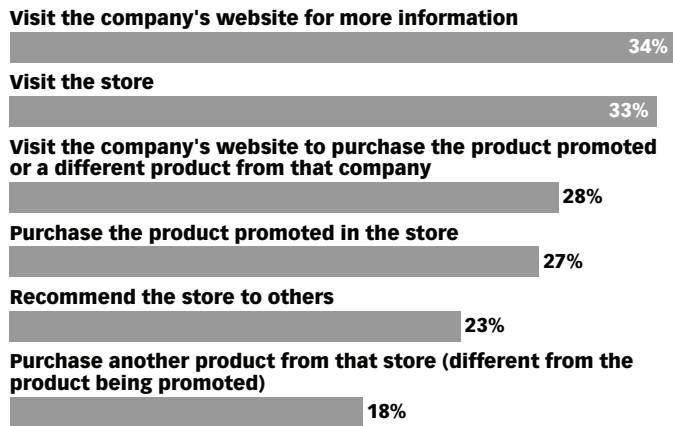- Female: 14%
- Total: 17%

■ Male ■ Female ■ Total

Note: n=1,729; *permission-based
Source: 1020 Placecast, "The Alert Shopper II: Consumer Receptivity to Location-Based Marketing" conducted by Harris Interactive, Jul 1, 2010

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Moreover, engagement is likely to generate action, the Harris/Placecast study found. Among the mobile users who signed up to receive text alerts, 34% said they would be more likely to visit the company's website in response to the alert, and 33% would visit a physical store. Again, this shows SMS can be the trigger mechanism for pushing an interested consumer further down the purchase funnel.

Actions More Likely to Be Taken as a Result of Receiving Text Alerts from Marketers, May 2010
% of US mobile phone users*

Visit the company's website for more information
34%

Visit the store
33%

Visit the company's website to purchase the product promoted or a different product from that company
28%

Purchase the product promoted in the store
27%

Recommend the store to others
23%

Purchase another product from that store (different from the product being promoted)
18%

Note: n=591; *who signed up to receive texts from retailers/merchants
Source: 1020 Placecast, "The Alert Shopper II: Consumer Receptivity to Location-Based Marketing" conducted by Harris Interactive, Jul 1, 2010
117070   www.**eMarketer**.com

Retailers are beginning to respond to the opportunity. A Q4 2009 survey of online retailers by Forrester Research found that whereas just 4% supported SMS alerts in 2009, 25% planned to do so in 2010.

Given the engagement potential, Shumaker of 4INFO and Philbin of Vibes Media pointed to customer relationship management (CRM) as the primary future function of SMS. Jeff Hasen of Hipcricket, a company very active in using SMS as a CRM mechanism, also cited messaging's role in starting a larger and potentially richer ongoing dialogue with the consumer that eventually goes beyond SMS.

And in a September 2010 interview with Digiday, David Berkowitz, senior director of emerging media and innovation at digital agency 360i, added a key benefit of SMS: versatility. "SMS also has a killer advantage of easy integration with any other form of media, especially traditional media," Berkowitz noted. "It works with out-of-home, radio, TV and print."

What do you see as the primary role of SMS as an advertising format?

4INFO. "It's really going to be consumer-focused as a CRM tool… if anything, we're going to see a tremendous amount of real engagement between brands and their consumers through a direct SMS program."
—Julie Shumaker, vice president of sales and marketing, in an interview with eMarketer, September 7, 2010

Hipcricket. "In terms of whether you can reach folks on a mobile device, SMS provides that reach strategy. We've talked about creating a pyramid where you start with reach and then build on richer applications, and we don't really see that going away."
—Jeff Hasen, chief marketing officer at Hipcricket, in an interview with eMarketer, September 7, 2010

Vibes Media. "It really depends on the objective of the marketer. I look at display as a good branding tool, but messaging is really about relationship and CRM. It is really powerful for engagement and enabling that conversation between a brand and a buyer."
—Jack Philbin, president and co-founder, in an interview with eMarketer, September 16, 2010
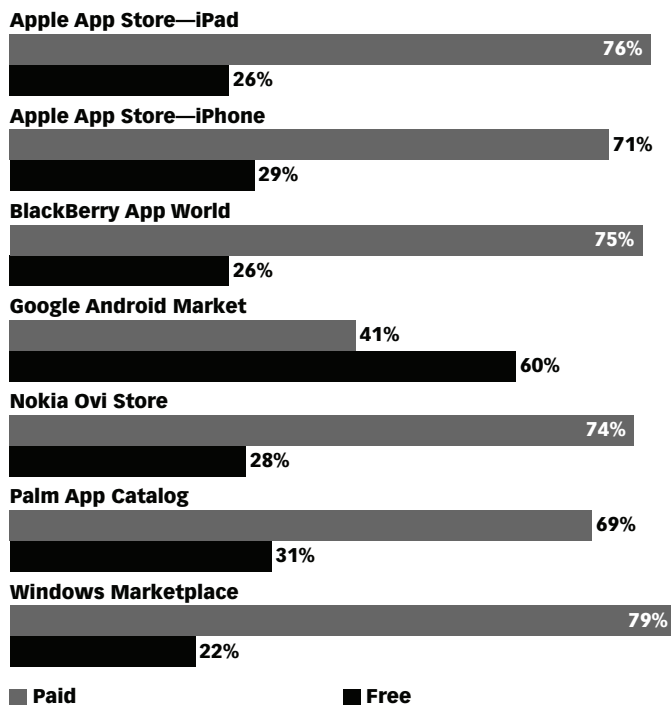
Applications

With smartphones and tablets now a fixture of the mobile device landscape, apps have become an indispensible means for brands to engage consumers at various stages of the purchase funnel.

According to comScore, for the three months ending in July 2010, 31% of all US mobile subscribers used a downloaded application. The usage rate among smartphone owners was much higher: for the three months ending in April 2010, 84% of those with smartphones had used an app.

Regardless of app platform or device type, games, weather, maps and navigation, social networking and news remain the most popular types of apps, Nielsen found in its September 2010 "The State of Mobile Apps" report. Facebook, Pandora, Google Maps and the Weather Channel ranked among the top five most popular apps across the iPhone, Android, BlackBerry and Windows Mobile platforms.

Overall, the majority of apps available across the leading app stores are paid, according to an August 2010 report from app analytics platform Distimo. Android Market is the only store with a majority of free apps.

Paid vs. Free Apps Available in Select US Mobile App Stores, July 2010
% of total

Apple App Store—iPad
- Paid: 76%
- Free: 26%

Apple App Store—iPhone
- Paid: 71%
- Free: 29%

BlackBerry App World
- Paid: 75%
- Free: 26%

Google Android Market
- Paid: 41%
- Free: 60%

Nokia Ovi Store
- Paid: 74%
- Free: 28%

Palm App Catalog
- Paid: 69%
- Free: 31%

Windows Marketplace
- Paid: 79%
- Free: 22%

■ Paid   ■ Free

Note: figures for BlackBerry App World are worldwide; numbers may not add up to 100% due to applications switching from free to paid or vice versa during the reporting period
Source: Distimo, "Distimo Report, August 2010," Sep 2, 2010
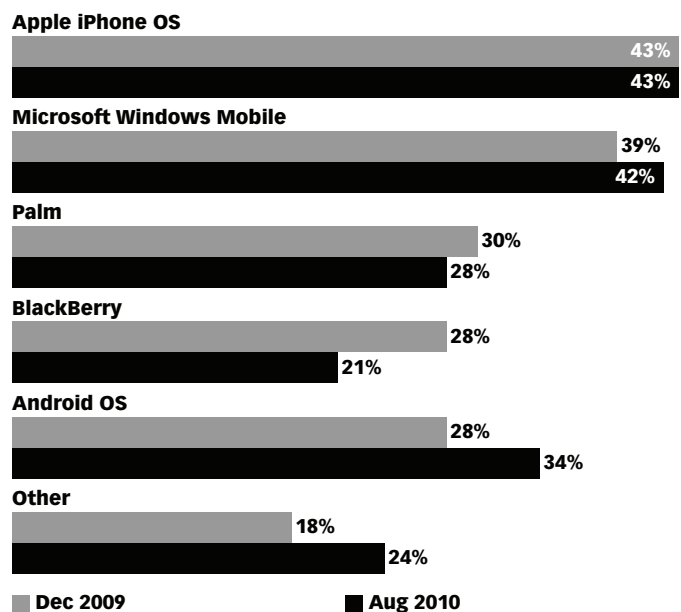
119762   www.**eMarketer**.com

According to Credit Suisse's "Mobile Internet Survey 2010," 37% of all smartphone users purchased an app in the past month. However, a significantly larger proportion of iPhone and Android device users purchased apps (80% and 70%, respectively). By contrast, owners of BlackBerry devices trailed farther behind, at 46%.

Although free apps predominate in the Android Market, Android device owners are not averse to paying for content. In fact, Credit Suisse found they spend the most each month on apps, at $26, followed by iPhone owners, at $24.

On the other hand, Nielsen's September 2010 "The State of Mobile Apps" report revealed that iPhone owners are the most likely to convert from a free "lite" version of an app to a full, paid version.

Conversion from Lite to Full Versions of Mobile Apps, by Operating System, Dec 2009 & Aug 2010
% of US mobile app users*

Apple iPhone OS
- Dec 2009: 43%
- Aug 2010: 43%

Microsoft Windows Mobile
- Dec 2009: 39%
- Aug 2010: 42%

Palm
- Dec 2009: 30%
- Aug 2010: 28%

BlackBerry
- Dec 2009: 28%
- Aug 2010: 21%

Android OS
- Dec 2009: 28%
- Aug 2010: 34%

Other
- Dec 2009: 18%
- Aug 2010: 24%

■ Dec 2009   ■ Aug 2010

Note: *who have downloaded an app in the past 30 days
Source: The Nielsen Company, "The State of Mobile Apps," Sep 13, 2010

120230   www.**eMarketer**.com

Despite the preponderance of paid applications, mobile users have shown a marked preference for free apps. Pyramid found that free apps increased from 30% of total downloads in 2008 to 54% in 2009. The research firm projects that the proportion of free apps will level off near 80% in 2014.

Borrell Associates estimates that in-app ads accounted for 5% of total mobile advertising in 2010. That is a small percentage, but one that is rising quickly. Borrell calculates in-app advertising increased 667% from 2009 to 2010.

In-app advertising holds an additional appeal, most notably the potential for higher clickthrough rates. A study by ad network aggregator Mobclix showed that in-app display ads on Mobclix' network had clickthrough rates that were four times as high as standard mobile web banners. This is just one finding, but a directionally positive result nonetheless.

Although the trend toward free over fee implies a greater opportunity for ad-supported apps, the outlook for app store revenues is nevertheless optimistic. Credit Suisse projects that the number of US app buyers will grow more than fourfold between 2010 and 2015, with revenues more than tripling.

Credit Suisse's model assumes a modest increase in the number of apps purchased each month (from 1.9 in 2010 to 2.5 in 2015) and a drop in the average selling price per app from $3.35 to $1.98.

US Mobile App Buyers and Revenues, 2009-2015

	Buyers (millions)	Revenues (billions)
2009	20.0	$1.65
2010	31.8	$2.47
2011	47.8	$3.52
2012	67.3	$4.68
2013	89.0	$5.85
2014	112.6	$6.99
2015	139.0	$8.16

Source: Credit Suisse based on Distimo and company reports, "Convergence 2010: The Wireless Web World," July 15, 2010

117896   www.**eMarketer**.com

A March 2010 forecast by the Yankee Group was more positive, based on the research firm's view that paid apps were increasing as a percentage of total app downloads and the average app cost was on the rise. It estimated $1.6 billion in US app store revenues for 2010, rising to $11 billion in 2014.

The takeaway: Apps continue to cement themselves as a key element in the mobile marketing ecosystem and are an increasingly vital mechanism for brands to engage with mobile consumers.

Emerging Channels and Formats

Messaging, display and search will garner the majority of marketer investment in mobile advertising. However emerging formats, some of which tie into the primary ad units, are worth keeping an eye on.

Emerging technologies and ad formats do hold some appeal for mobile consumers. Among those surveyed by Luth Research for the Mobile Marketing Association's July 2010 "Mobile Internet" study, 17% said that ads using the "latest or coolest technology" would make them much more inclined to visit a website on their mobile phone, while 31% characterized themselves as somewhat more likely to do so.

The takeaway: Marketers should not pin their hopes on new mobile ad formats, but they should keep an eye on emerging technologies, which appeal to a leading-edge segment of mobile consumers.

Geotargeting and Location-Based Advertising

Social networks are becoming a primary way mobile users exchange information. According to Nielsen, social networking was the fastest-growing category among users of both apps and browsers, growing 240% and 90%, respectively, year over year.

Thanks to the popularity of check-in services such as foursquare, Gowalla, Brightkite, Loopt and now Facebook, mobile users are overcoming their privacy concerns and getting used to sharing their location. A survey by security software company Webroot found that 39% of social network users who own an internet-enabled mobile device use geolocation.

"If you want to do anything specifically with location-based services, you have to ask permission each and every session."
—Phuc Truong, managing director at Mobext, as quoted in the Wall Street Journal, June 14, 2010

The most popular geolocation activities were sharing location information with friends, done by 19% of respondents at least daily. More than 15% of respondents reported checking in at locations at least daily. That makes it still something of a niche activity. But the August 2010 launch of Facebook Places could push checking in toward mass acceptance. Lawrence Kimmel, CEO of the Direct Marketing Association, described Places as a "tipping point for geomarketing," in an August 20, 2010 Direct Marketing News article.

Frequency of Mobile Social Media and Geolocation Usage, June 2010
% of US mobile internet device owners

1	Several times a day	5	Monthly
2	Once a day	6	Less than monthly
3	Every few days	7	Never
4	Once per week		

	1	2	3	4	5	6	7
Visit a social network at home	37.2%	17.1%	16.8%	7.7%	5.3%	5.6%	10.2%
Visit a social network at work	23.1%	13.2%	11.2%	6.5%	3.7%	6.4%	35.9%
Share your location with your friends	10.2%	9.0%	14.3%	9.1%	5.9%	12.2%	39.3%
Check in when you arrive at a location	7.6%	7.5%	9.8%	7.5%	8.2%	13.9%	45.3%
Geocode/geotag a photograph	3.1%	3.0%	6.9%	5.8%	5.5%	10.1%	65.6%
Geocode/geotag a blog entry	2.6%	3.7%	10.7%	10.1%	12.7%	12.0%	48.1%
Geocode/geotag a video	2.4%	2.9%	4.7%	6.1%	7.6%	14.4%	61.9%

*Note: numbers may not add up to 100% due to rounding*
Source: Webroot survey conducted by e-Rewards, July 13, 2010
118110   www.**eMarketer**.com

Location data is enormously valuable to marketers because it provides additional context for the actions people take on Facebook or any other social network. As eMarketer senior analyst Debra Aho Williamson noted in an August 19, 2010, blog post, "Marketers want to reach consumers when they are close to making a purchase. Location services enable them to deliver a compelling offer or reward when consumers are at the point of decision. This is very powerful."

Location holds great promise for advertising for similar reasons in that it gives advertisers yet another way to target consumers. Mobile currently represents a miniscule 0.2% of local media, but BIA/Kelsey projects its share will increase sevenfold to 1.4% by 2014, with spending climbing from $213 million in 2009 to $2.02 billion in 2014.

US Mobile Local Ad Spending, 2008-2014
billions

2008	2009	2010	2011	2012	2013	2014
$0.10	$0.21	$0.40	$0.69	$0.98	$1.40	$2.02
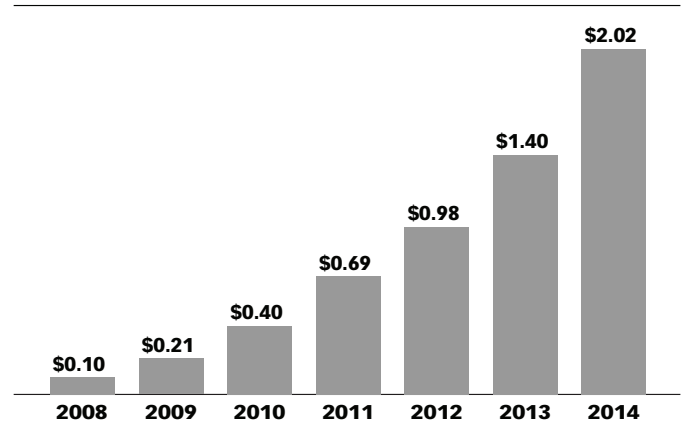
Note: includes mobile advertising (display, search and SMS) that is targeted based on a user's location and/or actionable locally
Source: BIA/Kelsey, "Annual US Local Media Forecast (2009-2014) - Update: Mobile Local Media" as cited in press release, Sep 28, 2010
120155   www.**eMarketer**.com

ABI Research predicts a similar ramp-up, with spending growing from $42.8 million in 2010 to $1.8 billion in 2015. "For a number of companies, especially ones with physical stores, the value in knowing a prospect's location is the opportunity to drive that person to a store, and thus increase foot traffic," said Neil Strother, mobile marketing strategies practice director at ABI Research, in a September 3, 2010, Mobile Marketing Watch article. "Once in store," he added, "the retailer has a high probability of converting that visit into a sale, which is the ultimate objective."

The takeaway: Location data is a key part of the future of marketing for the simple reason that it enables marketers to deliver a compelling offer or reward when consumers are at the point of decision. The marketing possibilities related to location-based check-in services such as foursquare, Gowalla and Facebook Places and retail-focused apps such as Shopkick will be the subject of an upcoming eMarketer report.

Couponing

Delivering coupons via mobile device represents a time-saving convenience for consumers. The process eliminates the need for clipping and sorting, and simplifies the redemption process.
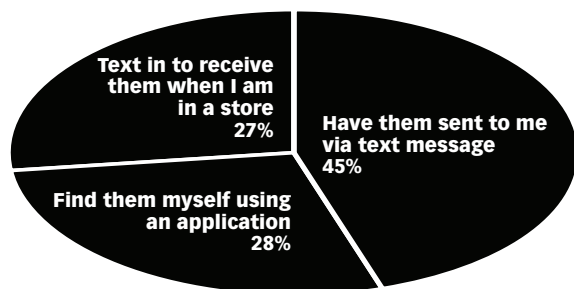
"The mobile coupon numbers are surprisingly strong. While they make up a tiny fraction of all redeemed coupons (about one in every thousand), their redeemed value is 24% above the online average, and almost twice the average for all coupons. Clearly, mobile coupons outperform paper, even today."

—Borrell Associates, in "The 2010 US Local Mobile Advertising & Promotions Forecast, Part 1: Mobile Coupons Set to Cash In" report, April 2010

Consumers have several ways to access mobile coupons. They are often distributed directly by retailers and marketers to consumers who opt in for them. In addition, consumers can register with mobile coupon aggregators such as Cellfire, Yowza!!, 8coupons and Zavers to view and select multiple offers from diverse brands all in one place. Location-based and group-buying couponing services such as Scoutmob and Groupon have helped propel the market in 2010.

According to a study by InsightExpress, 45% of consumers like to receive coupons via text message automatically. An additional 27% said they prefer to initiate the coupon distribution process themselves, while the remaining 28% opted to find the coupons using an app.

Preferred Way of Receiving Mobile Coupons, Q2 2010
% of US mobile phone users

- Text in to receive them when I am in a store 27%
- Have them sent to me via text message 45%
- Find them myself using an application 28%

Source: InsightExpress, "Get Ready For the Mobile Shopper," July 1, 2010
118013   www.**eMarketer**.com

Redemption often constitutes the sticking point for mobile coupons because it requires new equipment and software at the point of sale as well as staff trained in the complexities of different mobile devices and scanning tools. However, most research firms predict these hurdles will be surpassed sooner rather than later, particularly once major retail companies get on board.

In March 2010, retail giant Target got a jump on the competition by launching the first nationwide mobile coupon redemption program in all of its 1,700-plus stores. Target equipped its cashiers with handheld 2D barcode scanners that could read coupons directly from a consumer's mobile phone screen and apply the discount automatically to the item purchased. More efforts on this scale by other retail giants will help push mobile couponing into the mainstream.

Borrell Associates sees huge potential in mobile coupons. It expects spending to increase at a CAGR of 136% from 2009 to 2014, reaching $6.5 billion. SMS and mobile browsers currently represent the leading mobile delivery mechanism, accounting for nearly 60% of mobile coupon spending. By 2014, however, apps will surge into the lead, comprising 41% of the mobile coupon market, while the share for browsers and SMS combined will fall to 35%.

US Mobile Promotional Spending, by Segment, 2009-2014
(billions and CAGR)

	2009	2010	2011	2012	2013	2014	2009-2014 CAGR
Discounts	$0.7	$1.8	$3.3	$5.2	$7.2	$10.0	71%
Coupons	$0.1	$0.4	$1.1	$2.2	$4.1	$6.5	136%
Sampling	$0.1	$0.3	$0.6	$1.0	$1.5	$2.1	83%
Proximity	$0.0	$0.2	$0.5	$1.0	$1.8	$2.8	147%
Contests	$0.1	$0.2	$0.4	$0.7	$1.0	$1.4	82%
Total	**$1.0**	**$2.9**	**$5.8**	**$10.0**	**$15.6**	**$22.7**	**88%**
% change	151%	192%	101%	73%	56%	46%	-

Note: numbers may not add up to total due to rounding
Source: Borrell Associates, "The 2010 US Local Mobile Advertising & Promotions Forecast, Part 1: Mobile Coupons Set to Cash In," provided to eMarketer, Apr 19, 2010
117185   www.**eMarketer**.com

The takeaway: Mobile couponing has long been seen as a significant growth area. Now, technological and attitudinal barriers are finally giving way, providing retailers renewed traction with mobile consumers.

Barcodes

Search remains the primary gateway to content on mobile devices, the July 2010 "Mobile Internet" survey by Luth Research and the Mobile Marketing Association found. However, among mobile users who expect to access mobile websites over the coming year, 37% are interested in and willing to use barcodes scanned with the camera on their devices.

Those same barcodes are starting to play an increasingly vital role in activating marketing programs. The challenge for marketers comes in navigating the complexities of the barcode landscape.

Popular mobile apps such as RedLaser (acquired by eBay in June 2010) and ShopSavvy are designed to scan UPC (1D) barcodes commonly found on product packaging. These apps, devised as tools for consumers to compare product pricing and search for retailers, have emerged in the past year as staples in the mobile shopping process.

Whereas 1D barcodes are fairly straightforward, 2D barcodes are characterized by competing formats. These include QR Codes, Datamatrix, Microsoft Tag, EZCode and JagTag. All can encode text data, such as a URL, into a scannable image. Some function simply with the smartphone's on-board camera. Others require users to download an application to "read" the code, a step that has hindered adoption, as has a lack of interoperability between formats.

The QR Code, originally developed by Japanese auto part manufacturer Denso-Wave, has emerged as the leading 2D format. The latest version of the Android and Symbian smartphone operating systems include QR Code readers—a sign of the format's growing acceptance. Not surprisingly, Android devices over-index for barcode scanning relative to smartphones on other platforms.

Mobile Barcode Scan Share, by Phone Operating System, June-Sep 2010
% of total

- Windows Mobile 1%
- Java 3%
- Symbian 9%
- iPhone OS 15%
- Android 45%
- BlackBerry 27%
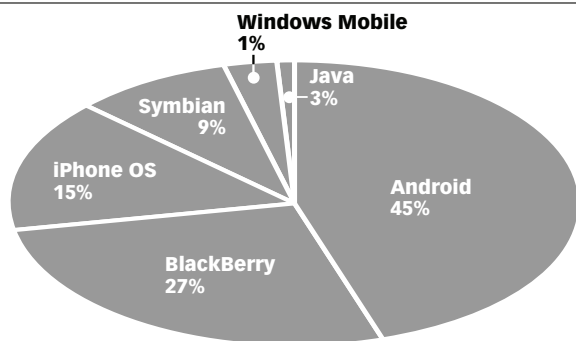
Note: includes 2D codes (QR codes, Datamatrix, EZcode, etc.) and traditional UPC/EAN barcodes
Source: Scanbuy, "ScanLife Mobile Barcode Trend Report," Sep 28, 2010
120224   www.**eMarketer**.com

According to the September 2010 "ScanLife Mobile Barcode Trend Report" from Scanbuy, a provider of mobile barcode solutions, traffic generated from scans rose 700% since January 2010. The ratio of scans has been almost equally balanced between 1D and 2D formats, suggesting that consumers are more interested in the concept of scanning than the technology behind it.

And the potential is significant. A February 2010 survey by Compete found that barcodes ranked second after grocery coupons among the types of ads smartphone users were actively interested in receiving on their mobile devices.

Types of Mobile Ads that US Smartphone Users Are Interested in Receiving on Their Phone, Feb 2010
% of respondents

Grocery coupons	36%
A barcode that I can scan on my smartphone	29%
Offers I can save and pursue at my leisure	26%
Movie theater offers/promotions	26%
An ad via SMS when I go by a retailer with a promotion	21%
Travel Website coupons	20%
An ad within a free app	18%
Offers synched to my schedule	17%
An ad related to a search I conducted on my mobile browser	16%
An ad via SMS	15%

Note: n=1,246; respondents who chose "4" or "5" (top two box) on a scale of 1-5
Source: Compete as cited in company blog, March 12, 2010
113032   www.**eMarketer**.com

In a September 24, 2010, interview with Mobile Marketer, Laura Marriot, former chair of the Mobile Marketing Association and acting chief marketing officer of NeoMedia Technologies, said "the tipping point will come from broader consumer awareness and education on how to scan codes and activate and engage with this new functionality."

The takeaway: Consumer awareness of and interest in barcode scanning are rising. It is up to marketers and their technology partners to find a way to move past the format fragmentation so scanning can achieve its full potential.

Augmented Reality (AR)

Augmented reality—a way of enabling the mobile user to "see" a virtual overlay to the physical world by combining and maximizing on-board mobile device features such as the camera, GPS, compass, accelerometer and broadband connectivity—was a big mobile marketing buzz term going into 2010. But it remains more talked about than used as a mobile channel. According to January 2010 survey by R2integrated (R2i), just 5% of marketers had mounted an augmented reality campaign.

"Augmented reality is one of the bright, shiny objects right now in marketing, and so there is a bandwagon mentality going on for some of its use," said 360i's Berkowitz, in an April 5, 2010, Direct Marketing News article. "Some marketers who are using it are able to find ways where it makes sense to layer digital information over the real world. It can be entertaining or it can be for utility."

As noted in the eMarketer case study "**Chevy Deploys Mobile Media at SXSW**," Chevrolet experimented with augmented reality more for entertainment's sake. The iReveal app "enabled those who downloaded it to participate in a scavenger-hunt game that melded augmented reality with location-based functions," explained Christopher Barger, General Motors' director of global social media, in an interview with eMarketer on May 20, 2010. "A map in the app revealed the location of Chevy vehicle promotions around Austin where users could access the ability to view 360-degree, 3D car models via the phone's camera." Chevy reported 874 iReveal Virtual Reality downloads during the event.

Companies in the print publishing space, on the other hand, have honed in on augmented reality as a mechanism to enliven or activate traditional media. Coupon specialist Valpak, for example, partnered with Martha Stewart Living Omnimedia to distribute specially marked Valpak envelopes as part of a sweepstakes. The promotion urged consumers to scan the envelopes with a mobile phone camera to see if they had won a Martha Stewart cookbook. For Valpak, the contest was a means for building the company's mobile database.

Given the incipient nature of augmented reality, few research firms have attempted to project its growth potential. In a report issued in January 2010, Juniper Research noted that the market has been held back by the limited number of AR-enabled mobile devices. Juniper estimated that total global revenues from augmented reality applications were unlikely to exceed $2 million in 2010.

However, Juniper remains bullish about augmented reality's ultimate potential, projecting 350 million AR-enabled handsets and $732 million in augmented reality-driven revenues by 2014. Location-based search will be the initial driver of augmented reality revenues, Juniper predicts, but will then cede to revenues generated by game and enterprise solutions. Advertising will be an important component, but by 2014, incremental revenues from subscriptions, upsold content and licenses will account for the largest augmented reality revenue stream.

Mobile Augmented Reality* Application Revenues Worldwide, 2010 & 2014
millions

2010	$2
2014	$732
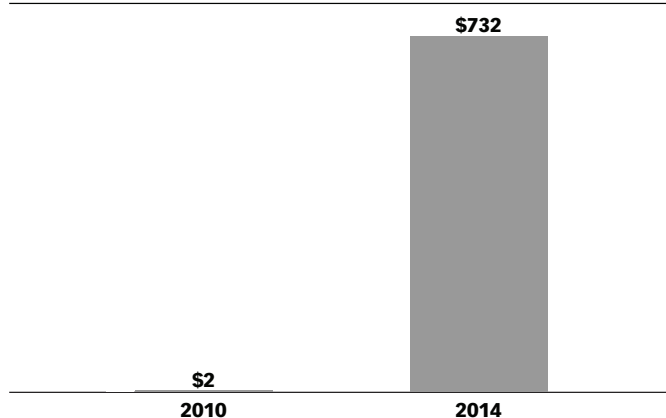
Note: *digital information merged with a live view of physical surroundings, such as a mobile phone camera enhanced with restaurant reviews, transit information, nearby stores etc.
Source: Juniper Research, "Mobile Augmented Reality" as cited in press release, January 5, 2010

110165   www.**eMarketer**.com

The takeaway: Augmented reality is still in the experimental phase but holds a lot of promise, especially among retailers (for clothiers, think virtual dressing rooms that enable consumers to try on items), travel and tourism firms (imagine virtual descriptions that appear on a phone when pointed at an attraction), print publishers, automakers, entertainment companies and consumer products firms.

Marketer Outlook

Extensive interviews with industry executives, which offered an optimistic outlook for mobile advertising, helped to shape updates to eMarketer's mobile ad spending forecast. These discussions also confirmed a number of similar trends visible in marketer surveys, specifically:

- Mobile's strategic importance within marketing plans

- Increased marketer emphasis on mobile devices and marketing channels

- Rising indicators of future spending intent and campaign implementation

The first is that mobile has assumed a place of strategic importance in marketing plans. Among the marketing professionals surveyed by R2integrated in January 2010, nearly half (47%) described mobile as important or very important to their overall marketing strategy.

Importance of Mobile to Marketing Strategy According to Marketing Professionals in North America, Jan 2010
% of respondents

- Not important 8.3%
- Very important 21.7%
- Not very important 20.4%
- Important 25.5%
- Somewhat important 28.0%
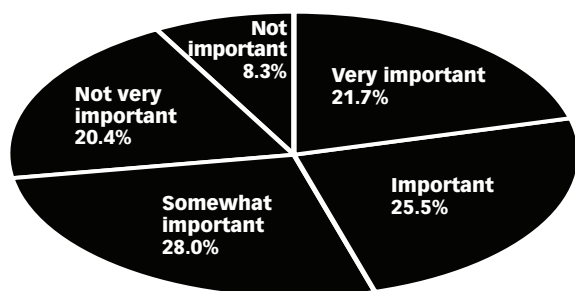
Note: n=157; numbers may not add up to 100% due to rounding
Source: R2integrated (R2i) survey, provided to eMarketer, Jan 28, 2010
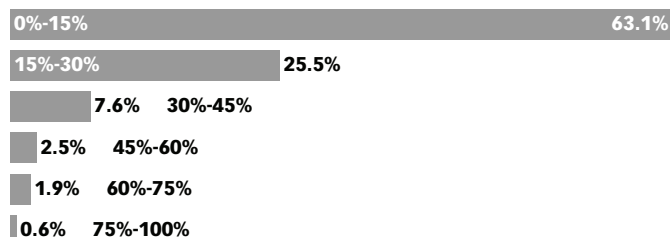111293   www.**eMarketer**.com

However, that strategic importance had yet to be fully reflected in budget prioritization for the majority of the marketers R2integrated polled. While one-third said 15% to 45% of their marketing budgets would be dedicated to mobile, nearly two-thirds responded that mobile would account for less than 15% of their total marketing spending.

Percent of Marketing Budget Going to Mobile* According to Marketing Professionals in North America, Jan 2010
% of respondents

- 0%-15%: 63.1%
- 15%-30%: 25.5%
- 30%-45%: 7.6%
- 45%-60%: 2.5%
- 60%-75%: 1.9%
- 75%-100%: 0.6%

*Note: n=157; numbers may not add up to 100% due to rounding; *over the next year*
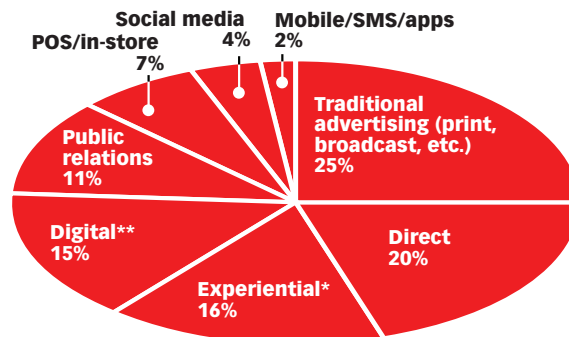*Source: R2integrated (R2i) survey, provided to eMarketer, Jan 28, 2010*
111294   www.**eMarketer**.com

The marketing executives polled by Forbes Insight in an April 2010 "The New Rules of Engagement: CMOs Determine Their Marketing Mix" study indicated they planned to spend an even smaller portion of their total budget on mobile. At 2%, it constituted the smallest slice of the pie.

Marketing Budget Allocation According to US Marketing Executives, April 2010
% of budget

- POS/in-store 7%
- Social media 4%
- Mobile/SMS/apps 2%
- Public relations 11%
- Traditional advertising (print, broadcast, etc.) 25%
- Digital** 15%
- Direct 20%
- Experiential* 16%

*Notes: *primarily events; **any ads delivered online, includes both online display ads (pop-ups) and search engine (SEM, SEO)*
Source: Forbes Insights, "The New Rules of Engagement: CMOs Determine Their Marketing Mix," June 16, 2010
116626   www.**eMarketer**.com

However, another trend evident in survey data is an increasing marketer focus on mobile. According to ISITE Design's "2010 Web Strategy Report," 42% of US companies surveyed said they would give greater priority to mobile marketing in 2010, while 31% planned no change in prioritization for mobile. Respondents were most bullish about social media, web analytics and user experience.

Change* in Online Marketing/Measurement Priorities in 2010 According to US Companies
% of respondents

	More priority	Same priority	Less priority/ not applicable
Social media	73.5%	23.0%	3.5%
Web analytics	60.5%	36.5%	2.0%
User experience	59.5%	33.5%	7.0%
Rich media	49.5%	38.5%	12.0%
Personalization	42.7%	41.2%	16.1%
Mobile	41.6%	30.7%	27.7%
Content management	40.8%	46.7%	12.5%
Intranet	29.5%	39.0%	31.5%
Multivariate testing	24.6%	38.7%	36.7%

*Note: numbers may not add up to 100% due to rounding; *vs. 2009*
Source: ISITE Design, "2010 Web Strategy Report," January 30, 2010
111871   www.**eMarketer**.com

Similar findings surfaced in the Q2 2010 survey of agency media buyers by STRATA, a vendor of media management software, in which one-third of advertisers said that mobile advertising was the focus of their interactive spend. That figure was up 107% over the Q1 survey, although mobile still trailed online display, social media and search in terms of advertiser focus.

The iPhone, cited by 87% of respondents, topped the list of mobile devices on which agencies were interested in advertising, outpacing BlackBerry and Android smartphones, at 56% and 46%, respectively. The iPad followed in fourth place, at 26%, but that is an impressive result given that the iPad only came to market in Q2. The iPad and other tablets are likely to rise in prominence in future surveys as their potential for advertisers and publishers becomes clearer.

Mobile Devices of Most Interest as a Channel for Advertising, Q2 2010
% of US ad agencies

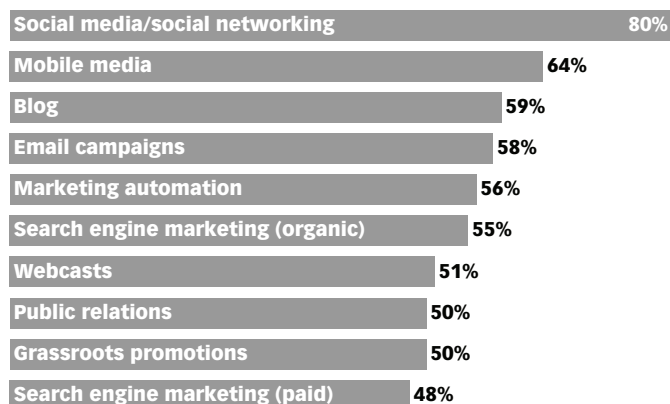| Device	%
iPhone	86.9%
BlackBerry	55.7%
Droid	45.9%
iPad	26.2%
Windows Phone	8.2%
Other	13.1%
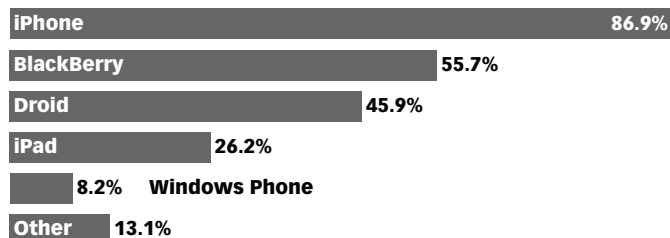
Note: n=89
Source: STRATA, "2nd Quarter 2010 Survey Results," provided to eMarketer, Jul 21, 2010

117683   www.**eMarketer**.com

Consistent with the ISITE and STRATA surveys, the July 2010 American Marketing Association and Aquent "2010 Trends in Marketing: Salaries, Strategies, and Beyond" study revealed that 64% of marketers expect to increase their focus on mobile media in 2010. This trailed social media and social networking, at 80%, but ranked ahead of search, blogs and email.

Marketing Tactics on Which US Marketers Will Increase Their Focus in 2010
% of respondents

Tactic	%
Social media/social networking	80%
Mobile media	64%
Blog	59%
Email campaigns	58%
Marketing automation	56%
Search engine marketing (organic)	55%
Webcasts	51%
Public relations	50%
Grassroots promotions	50%
Search engine marketing (paid)	48%

Source: American Marketing Association (AMA) and Aquent, "2010 Trends in Marketing: Salaries, Strategies, and Beyond," July 27, 2010

120202   www.**eMarketer**.com

A corollary to marketers' growing focus on mobile is their increasingly sophisticated approach to the channel. The continued popularity of Apple's iOS platform has maintained a steady demand for building or advertising in applications, but many marketers are growing more adept at using mobile to activate other media as well as integrating mobile with other channels.

Have marketers become more sophisticated in their approach to mobile?

5th Finger. "Marketers have all been beaten around the ears enough to know that they need to be developing integrated campaigns. The challenge is that it's easy to say but hard to do."
—*Patrick Collins, CEO, in an interview with eMarketer, August 30, 2010*

4INFO. "We're seeing a tremendous growth in understanding of how to leverage mobile as an ad platform. The irony is that growth is really coming from the position of 'it's just an ad medium.' Agencies and marketers are realizing they don't need to be afraid of something they don't understand. It's just an ad unit in an ad medium."
—*Julie Shumaker, vice president of sales and marketing, in an interview with eMarketer, September 7, 2010*

Greystripe. "This year there was a steep growth curve in terms of understanding of the medium from buyers and from clients. People really know what mobile devices can do, and concerns about whether consumers will accept mobile advertising have been all but eliminated in the past year."
—*Erica Chriss, vice president of strategy and publisher development, in an interview with eMarketer, September 20, 2010*

Hipcricket. "We are definitely seeing increasingly structured thinkers approaching a purchase and a relationship with a vendor partner in a more professional, longer term-oriented kind of way."
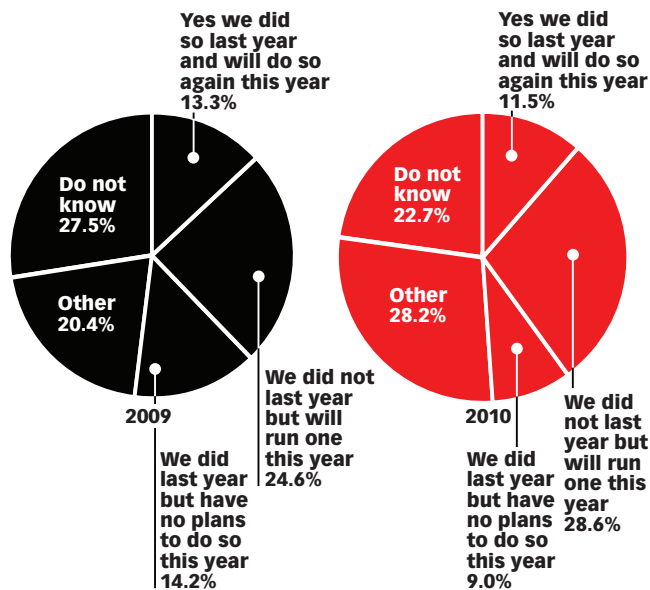—*Eric Harber, president, in an interview with eMarketer, September 7, 2010*

Vibes Media. "We've reached a maturity level where every publisher has or knows that they need a mobile platform. What's interesting is that marketers are further left on the learning curve. They're way behind the publishers."
—*Jack Philbin, president and co-founder, in an interview with eMarketer, September 16, 2010*

There are the studies that examine future spending intent and mobile campaign implementation, and these, too, paint an optimistic picture. One is Chief Marketer's "2010 Interactive Survey," which polled 500 B2B and B2C marketers in the manufacturing, retail, financial, healthcare, travel, entertainment, advertising, publisher, consumer database and nonprofit industries in March 2010. It found that 29% of marketers that did not run smartphone ad campaigns planned to do so this year, up from 25% in 2009. The percentage of those with no plans to run a mobile ad campaign experienced a commensurate drop, from 14% in 2009 to 9% in 2010, indicating more marketers intend to incorporate mobile.

US Marketers Whose Company Runs Ad Campaigns on Smartphones, 2009 & 2010
% of respondents

2009
- Yes we did so last year and will do so again this year 13.3%
- Do not know 27.5%
- Other 20.4%
- We did last year but have no plans to do so this year 14.2%
- We did not last year but will run one this year 24.6%

2010
- Yes we did so last year and will do so again this year 11.5%
- Do not know 22.7%
- Other 28.2%
- We did last year but have no plans to do so this year 9.0%
- We did not last year but will run one this year 28.6%

Note: n=500
Source: Chief Marketer, "2010 Interactive Survey," April 1, 2010

114797   www.**eMarketer**.com

Another study is Advertiser Perceptions' July 2010 "Advertiser Intelligence Report" (AIR), completed online by 1,412 marketers and agency executives in April and May 2010. As reported by MediaPost, Advertiser Perceptions found that 46% of ad executives currently incorporate mobile media into their advertising plans. Over the next year, the study determined, 62% intend to increase their mobile ad spending, a rate faster than any other medium included in the ongoing AIR tracking study. In other words, by the middle of 2011, AIR projects that 60% of ad industry executives will be using mobile in their advertising plans.

The AIR survey found that banner ads and messaging are the most widely used advertising formats, employed by 62% and 60% of respondents, respectively. However, as eMarketer projects, video and search are growing faster. According to the AIR study, 28% currently use mobile video advertising and 43% will do so within 12 months, while use of mobile search will climb more modestly, from 41% to 48% next year.

A final indicator comes from a survey of US retailers fielded by Forbes Insights for Research in Motion (RIM), the maker of BlackBerry smartphones and the forthcoming PlayBook tablet. As detailed by eMarketer's June 2010 "**Mobile In-Store Shopping: A Potential Game Changer**" report, retailers have tended to lag behind their peers in other industries in terms of adopting mobile strategies. However, the Forbes-RIM study indicates that retailers are aggressively ramping up their mobile strategies and spending, a positive sign for mobile adoption and ad spending in general.

When asked about their organization's interest and progress in implementing or developing mobile initiatives, 10% of the retailers polled responded that they had already implemented mobile advertising initiatives. Another 24% said they were aggressively pursuing new initiatives. Only 7% replied that they had no plan to implement mobile advertising programs.

Retailer Interest in Mobile Advertising, July 2010
% of US retail executives

- Already widely implemented 10%
- Do not plan to pursue 7%
- Under evaluation 20%
- Expanding rapidly 24%
- In pilot programs 39%
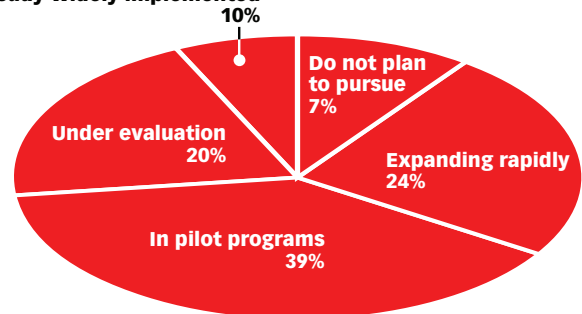
Source: Forbes Insights and Research in Motion (RIM), "Retail's Mobility Imperative," July 1, 2010
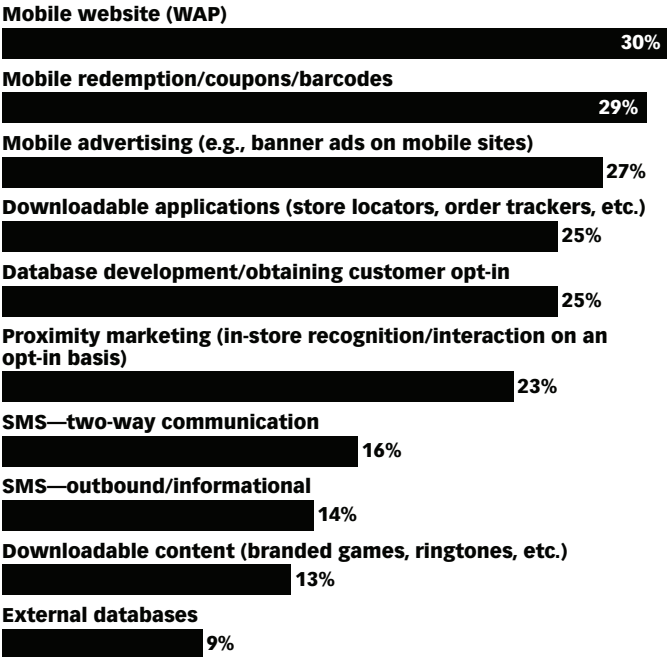
118347   www.**eMarketer**.com

Retailer spending has focused on mobile sites, couponing, display ads and applications and proximity marketing, the study determined. Within a year, retailer use of applications, proximity marketing, coupons and downloadable branded content will see the steepest increases.

Leading Channels of Retailers' Mobile Advertising Spending, July 2010
% of US retail executives

Mobile website (WAP)
30%

Mobile redemption/coupons/barcodes
29%

Mobile advertising (e.g., banner ads on mobile sites)
27%

Downloadable applications (store locators, order trackers, etc.)
25%

Database development/obtaining customer opt-in
25%

Proximity marketing (in-store recognition/interaction on an opt-in basis)
23%

SMS—two-way communication
16%

SMS—outbound/informational
14%

Downloadable content (branded games, ringtones, etc.)
13%

External databases
9%

Source: Forbes Insights and Research in Motion (RIM), "Retail's Mobility Imperative," July 1, 2010
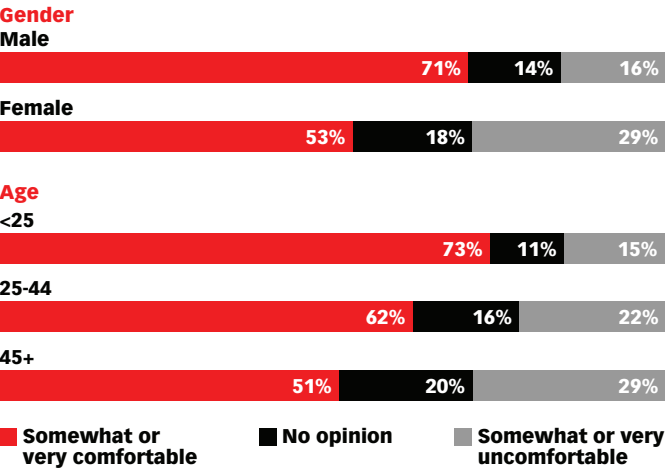
118363 www.**eMarketer**.com

Targeting the Consumer: Attitudes and Preferences

The good news for marketers is that consumers are getting more comfortable with seeing ads on their mobile devices. According to an August 2010 study by ad network InMobi and comScore, 38% of the nearly 4,400 US mobile phone users surveyed felt mobile ads "serve an important purpose," while an additional 25% stated they are getting accustomed to viewing mobile ads. While 10% of respondents described themselves as somewhat uncomfortable with mobile ads, only 12% felt they were intrusive.

Male mobile users were considerably more comfortable than female users with mobile ads. And, as might be expected, younger users, particularly those under age 25, were the most likely to find value in mobile advertising.

Level of Comfort with Mobile Advertising, by Age and Gender, Aug 2010
% of US mobile phone users

Gender
Male
71% | 14% | 16%

Female
53% | 18% | 29%

Age
<25
73% | 11% | 15%

25-44
62% | 16% | 22%

45+
51% | 20% | 29%

■ Somewhat or very comfortable   ■ No opinion   ■ Somewhat or very uncomfortable
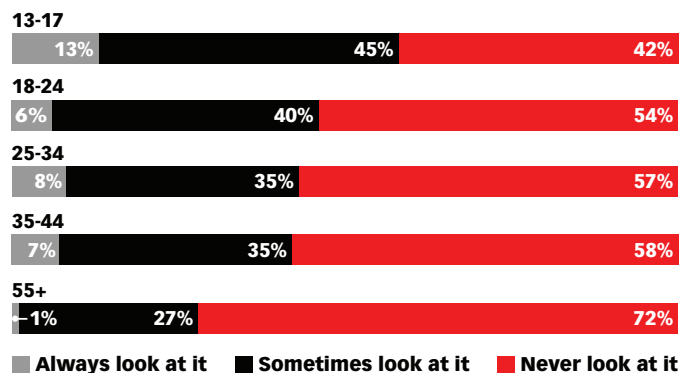
Note: n=4,399; numbers may not add up to 100% due to rounding
Source: InMobi and comScore, Inc., "A Global Consumer View of Mobile Advertising: US Market Highlights," Aug 25, 2010

120186 www.**eMarketer**.com

Nielsen reached similar conclusions in its September 2010 "The State of Mobile Apps" report, finding men of all ages to be more receptive to mobile ads than women. Similarly, nearly half of mobile users ages 13 to 24 always or sometimes view mobile ads, while a steep drop-off in the frequency of viewing occurs with users over 55.

Frequency of Looking at Mobile Ads, by Age, Aug 2010
% of US mobile app users*

Age	Always look at it	Sometimes look at it	Never look at it
13-17	13%	45%	42%
18-24	6%	40%	54%
25-34	8%	35%	57%
35-44	7%	35%	58%
55+	1%	27%	72%

Note: *who have downloaded an app in the past 30 days
Source: The Nielsen Company, "The State of Mobile Apps," Sep 13, 2010
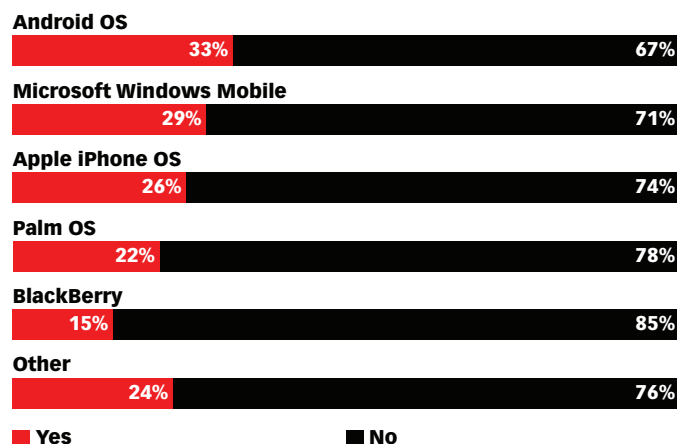120217 www.**eMarketer**.com

Luth Research's August 2010 "Mobile Advertising" survey for the Mobile Marketing Associates provides additional insight into the frequency with which mobile users pay attention to ads on their devices. It found that within the past month, 43% of mobile users noticed at least one ad, while 20% noticed an ad between three and 10 times. Users ages 18 to 34 over-indexed for noticing at least one ad (53%, vs. the survey average of 43%).

The Luth-MMA study found that noticing an ad was likely to trigger a response. Of the 43% of mobile users who indicated they saw an ad in the past month, 39% responded to or interacted with it, and 29% said they interacted with an ad more than once. Ads in text alerts prompted the highest response rates, cited by 36% of respondents, well ahead of ads in mobile email (17%) and banners on mobile websites (11%).

According to the Nielsen study, Android users are the most likely to have clicked on an in-app ad. As noted, Android has the highest proportion of free apps, so it may be that Android users have grown more accustomed to the trade-off of viewing ads in exchange for free content.

Regardless of platform, Nielsen determined that if required, mobile users prefer to view ads within an application rather than being taken outside the app—one of the key selling points of Apple's iAds. Surprisingly, 47% of iPhone users who responded to Nielsen's survey said they would not view the ad at all, even if it loaded within the app.

US Mobile App Users* Who Have Clicked on a Mobile App Ad, by Operating System, Aug 2010
% of respondents

Operating System	Yes	No
Android OS	33%	67%
Microsoft Windows Mobile	29%	71%
Apple iPhone OS	26%	74%
Palm OS	22%	78%
BlackBerry	15%	85%
Other	24%	76%

Note: *who have downloaded an app in the past 30 days
Source: The Nielsen Company, "The State of Mobile Apps," Sep 13, 2010
120218 www.**eMarketer**.com
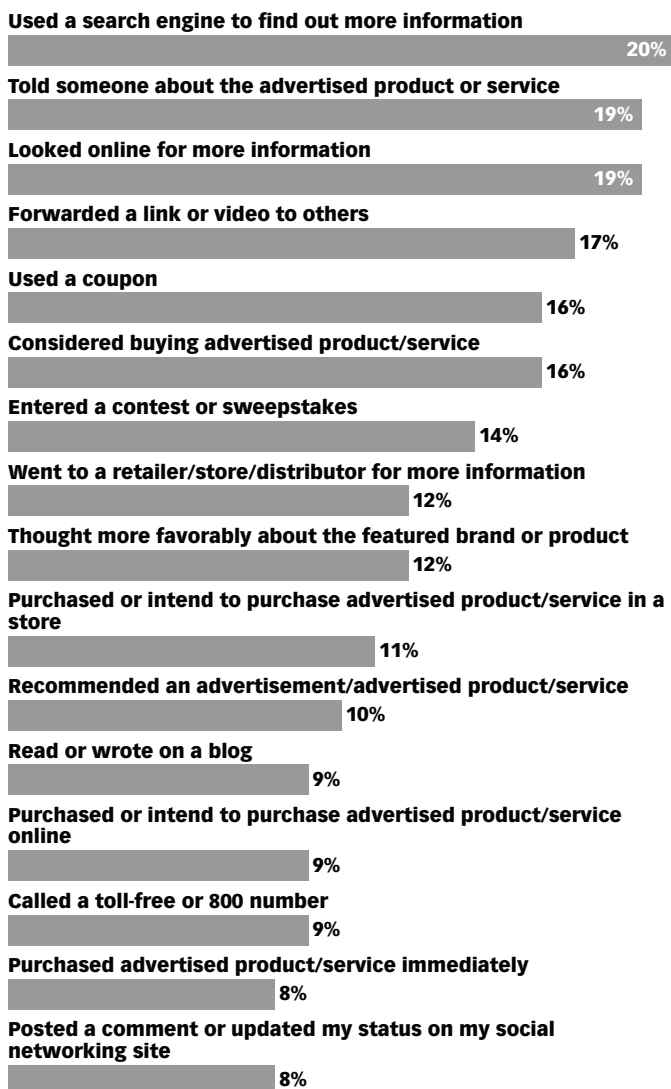
Spotlight: Advertising to iPad Owners

Nielsen found that iPad owners are considerably more receptive, and in some case, significantly more excited about ads than other mobile device owners.

A case in point: 39% of iPad owners consider ads on their devices as "new and interesting," compared to 19% of all connected device owners. And 35% say they actually enjoy viewing ads (especially multimedia ads), double the rate of all connected device owners.

The "iPad effect" extends beyond receptivity to mobile ads. iPad owners were more likely than all connected device owners to have made a purchase (via PC, in-store, by phone or on-device) as a result of seeing an ad. The combined effect of bigger screens and richer, more engaging ads is worth watching.

Display and search advertising on the desktop web have long been seen as having a synergistic effect. The Nielsen study suggests the same effect holds on the mobile web as well. The leading action respondents took after viewing a mobile ad was to use a search engine to find out more information, followed closely by good old-fashioned word-of-mouth and general web browsing.

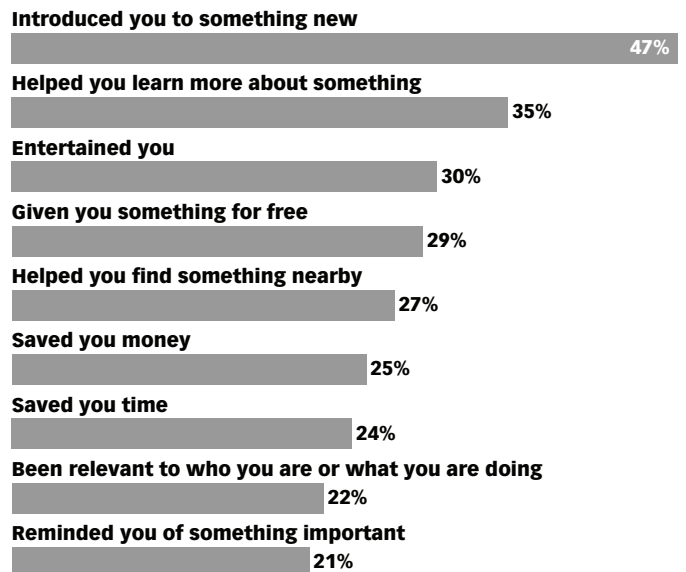**Actions Taken While Viewing Mobile Ads, Aug 2010**
% of US mobile app users*

Used a search engine to find out more information
20%

Told someone about the advertised product or service
19%

Looked online for more information
19%

Forwarded a link or video to others
17%

Used a coupon
16%

Considered buying advertised product/service
16%

Entered a contest or sweepstakes
14%

Went to a retailer/store/distributor for more information
12%

Thought more favorably about the featured brand or product
12%

Purchased or intend to purchase advertised product/service in a store
11%

Recommended an advertisement/advertised product/service
10%

Read or wrote on a blog
9%

Purchased or intend to purchase advertised product/service online
9%

Called a toll-free or 800 number
9%

Purchased advertised product/service immediately
8%

Posted a comment or updated my status on my social networking site
8%

Note: *who have downloaded an app in the past 30 days
Source: The Nielsen Company, "The State of Mobile Apps," Sep 13, 2010
120220   www.**eMarketer**.com

In an interview with eMarketer, Erica Chriss, vice president of strategy and publisher development at Greystripe, made an interesting observation: "A lot of mobile advertising is still mobile-endemic, not brand-focused," she said. "But that's actually a benefit to consumers, who are looking for things to do on their device. Advertising has become a means to finding other cool things to do on your device, which consumers appreciate."

In this respect, mobile advertising is unique. TV spots may be beautifully filmed and entertaining to watch, but they are designed for viewers to experience a brand or product, not help them better use the features of their TV set.

The InMobi-comScore study speaks directly to Chriss' observation. When asked about the benefit of having viewed a mobile ad, 47% of respondents said it introduced them to something new, and 35% mentioned that the ad helped them learn about something relevant.

Benefits of Having Seen Mobile Advertising, Aug 2010
% of US mobile phone users

Introduced you to something new
47%

Helped you learn more about something
35%

Entertained you
30%

Given you something for free
29%

Helped you find something nearby
27%

Saved you money
25%

Saved you time
24%

Been relevant to who you are or what you are doing
22%

Reminded you of something important
21%

Note: n=1,506
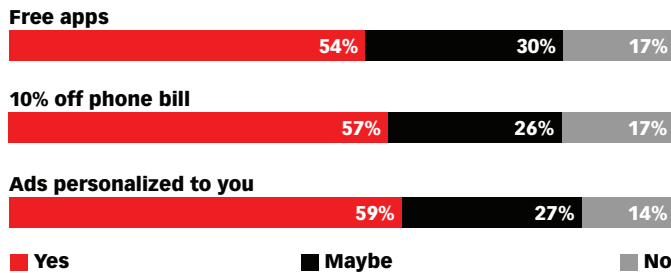*Source: InMobi and comScore, Inc., "A Global Consumer View of Mobile Advertising: US Market Highlights," Aug 25, 2010*
120188   www.**eMarketer**.com

Ultimately, the efficacy of mobile advertising turns on the value exchange. As Nielsen learned in a survey of connected device owners, 59% described themselves as "OK with advertising" if viewing ads meant they could access free content in return. And, of course, ads that were more customized and relevant to their interests and location got a better reception from consumers, and also made them more inclined to respond.

The InMobi-comScore study reached similar conclusions. Personalized ads actually outranked free content and phone bill discounts in terms of what mobile users would accept in exchange for viewing ads.

Features that US Mobile Phone Users Would Accept in Exchange for Viewing Ads on Their Phone, Aug 2010
% of respondents in each group

Free apps

54%	30%	17%

10% off phone bill

57%	26%	17%

Ads personalized to you

59%	27%	14%

■ Yes   ■ Maybe   ■ No

Note: n=1,506; numbers may not add up to 100% due to rounding
Source: InMobi and comScore, Inc., "A Global Consumer View of Mobile Advertising: US Market Highlights," Aug 25, 2010
120187   www.**eMarketer**.com

These findings also coincided closely with those of Oracle's September 2010 "Opportunity Calling: The Future of Mobile Communications" survey, which revealed 54% of adult mobile users would be willing to listen to or watch mobile ads in exchange for a 5% credit on their monthly phone bill.

"It's very expensive to change consumer behavior," noted Alex Andronikov, executive vice president and general manager, mobile enterprise business at Adenyo, in a September 2010 interview with eMarketer.

By the same token, changing marketer behavior is often slow and challenging. But with the value exchange associated with mobile advertising, both consumers and marketers are learning to meet in the middle.

Trends to Watch

The Return of the Carriers

Five years ago, the carriers seemed to exercise near-total control over the mobile ecosystem, including advertising and marketing. Their influence stemmed from the fact that a large part of consumers' mobile internet activity took place on-deck, within the carriers' closed content portals.

The arrival of smartphones with better browsers started to push web activities off deck, loosening the carriers' hold over users in the process. The exclusive deal Apple struck with AT&T helped sublimate the carrier brand to that of the phone manufacturer, something that others have tried to replicate, albeit with less success. Carriers do derive significant benefits from being the primary distribution points for devices. They have also reaped increasing revenues from having more subscribers paying for data plans. But for the most part, the rapid growth in applications and new ad monetization possibilities have passed them by.

Perhaps belatedly, the carriers are moving into high gear. Both AT&T and Verizon have joined the Wholesale Applications Community, an open global alliance whose goal is to unite the fragmented apps marketplace. At the same time, they are pursuing individual app store initiatives as a means to retain and better monetize their subscriber base.

What is the outlook for carriers as mobile advertising evolves?

Adenyo. "Carriers are dipping their toe in the water with mobile advertising, but it's not going to be a priority for them."
—*Alex Andronikov, executive vice president and general manager of mobile enterprise business, in an interview with eMarketer, September 10, 2010*

Greystripe. "The carriers never took the lead on teaching consumers what their phone could do. In fact, there are arguments that say the carriers made it excessively difficult and confusing."
—*Erica Chriss, vice president, strategy and publisher development, in an interview with eMarketer, September 20, 2010*

Hipcricket. "Some believe the carriers are being disintermediated and becoming dumb pipes. I think the carriers have spent billions on spectrum and are only going do so many Apple-style exclusive deals, where they're going to give up a lot of their control. I think it's going to swing back in the other direction and I have no doubt that the carriers are going to have more sway and more influence, closer to where they stood in 2005 than right now."
—*Jeff Hasen, chief marketing officer, in an interview with eMarketer, September 7, 2010*

Microsoft. "I think that for all the talk of carrier intermediation and disintermediation and where's the value, from an advertising perspective, and to obviously a much larger degree from a search perspective, whoever is sitting on the data obviously has the most valuable chips in the game."
—*Jamie Wells, global director of trade marketing, mobile advertising solutions, in an interview with eMarketer, September 10, 2010*

Renewed OS Competition

The increasingly fierce competition in the smart device market is starting to seem like a two-horse race between the Apple iOS and Android. However, it is premature to count out the other contenders, particularly BlackBerry, Microsoft and the now-combined HP-Palm.

BlackBerry retains the largest share of the US smartphone market, although it has been slowly losing its grip on both consumers and the enterprise. Following the launch of its enterprise-oriented tablet, the PlayBook, in September 2010, RIM announced it will eventually replace the BlackBerry OS with the QNX-derived OS that will power the PlayBook. The challenge will be in designing devices that appeal equally to RIM's core business customers and the consumer smartphone audience. The BlackBerry platform also lags its competitors in both the quantity and quality of applications.

Microsoft is launching Windows Phone 7 Series (WP7)—the first complete reboot of its mobile OS—in the US in November 2010. AT&T will be the launch partner but WP7 will soon spread to the other carriers as well. Microsoft is adopting what it regards as a hybrid version of the Apple and Android approach: There will be multiple manufacturer partners but a single standardized OS regardless of the manufacturer. According to Microsoft, this will provide the best of both worlds—the unified experience of Apple's platform combined with the scale of Android. Strong carrier marketing support will be a crucial ingredient to success for Microsoft, which has virtually sat out the last few mobile device development cycles.

"Some people may say that Microsoft is late to the mobile party. In our view, we're fashionably late, and in my book that means we're right on time." *—Jamie Wells, global director of trade marketing, mobile advertising solutions, at Microsoft, in an interview with eMarketer, September 10, 2010*

Less clear are HP's plans for the WebOS it inherited from Palm after acquiring the troubled device and software manufacturer in April 2010 for $1.2 billion. After the acquisition, HP pledged to support WebOS, but few concrete details have been forthcoming. In a September 14, 2010, blog post responding to pressure from Palm's developer community, Rahul Sood, CTO of HP's gaming business, wrote: "You will certainly see products released over the next 12 months, some sooner than others… but over the next 12 months we will see the makings of a new portfolio and the beginning of something great again." That sounds positive but more specifics would help HP's cause.

Conclusions

Apple wears the halo, but Google remains the one to watch. iAd is the latest bright, shiny object in mobile advertising, but Google is better positioned to simplify the media-buying process and bring scale to mobile advertising. And scale is vital for mobile's long-term viability.

Mobile advertising is still missing some key pieces it needs to achieve scale. Consolidation and the entrance of major players such as Google notwithstanding, the mobile advertising landscape remains characterized by fragmentation. That creates friction for media buyers and inhibits the channel from achieving scale. "Mobile has largely been ignored by both the buyer and seller marketplaces—the DSPs as well as the real-time bidding marketplaces and exchanges," said Medialets' Litman.

However, that situation is changing. In September 2010, Microsoft launched Microsoft Advertising Exchange for Mobile, the first (no doubt there will be many) platform to sell mobile ad inventory using a real-time auction-bidding model. Several ad networks, including Millennial Media, Where, InMobi and Mobclix, have agreed to participate. This is a good first step but integrating desktop and mobile web inventory would further advance the cause. "That's what will bring the scale to mobile," said Litman, "when you bring the media buyers who are already buying online display inventory to buy mobile inventory."

The value exchange is the cornerstone of mobile advertising. Mobile consumers are progressively more accepting of advertising on their devices, but they also expect something tangible in return for their attention. Everyone likes free (such as content and apps) but customized ads also win plaudits. That is something marketers should bear in mind: Relevant ads increase the likelihood of a response and can actually help take a customer relationship to the next level.

Successful mobile marketing starts with aligning goals and brand strategy. Awareness of mobile marketing is at an all-time high. Getting past the tipping point requires well-thought-out goals and a strategy that takes into account not just the target audience's mobile behaviors and preferences but also where mobile intersects with online and traditional media. As 360i's Berkowitz said in a September 19, 2010, interview with Digiday, "The goals for mobile should dovetail with one's overall marketing goals." Simply put, but often easier said than done.
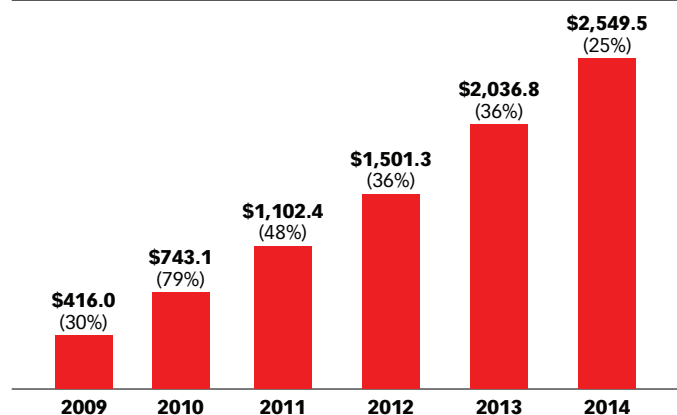
Endnotes

Endnote numbers correspond to the unique six-digit identifier in the lower left corner of each chart. The charts from the report are repeated before their respective endnotes.

120009 | 120010 | 120014 | 120015 | 120016

US Mobile Ad Spending, 2009-2014
millions and % change

- 2009: $416.0 (30%)
- 2010: $743.1 (79%)
- 2011: $1,102.4 (48%)
- 2012: $1,501.3 (36%)
- 2013: $2,036.8 (36%)
- 2014: $2,549.5 (25%)

Note: includes display (banner, rich media and video), search and messaging-based advertising
Source: eMarketer, Sep 2010

120009   www.**eMarketer**.com

US Mobile Ad Spending, by Format, 2009-2014
millions & CAGR

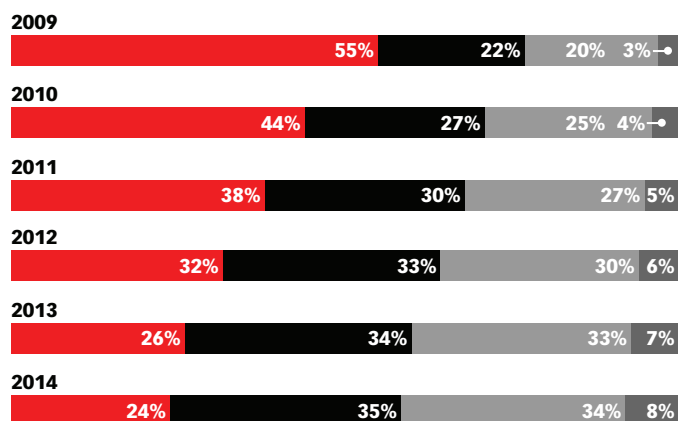|	2009	2010	2011	2012	2013	2014	CAGR
Messaging	$228.8	$327.3	$422.0	$476.7	$528.5	$602.5	21%
Display	$91.4	$202.5	$334.5	$489.1	$693.4	$887.6	58%
Search	$83.2	$185.0	$295.1	$451.4	$681.1	$858.2	59%
Video	$12.6	$28.3	$50.8	$84.0	$133.8	$201.3	74%
Total	**$416.0**	**$743.1**	**$1,102.4**	**$1,501.3**	**$2,036.8**	**$2,549.5**	**44%**

Note: numbers may not add up to total due to rounding
Source: eMarketer, Sep 2010

120010   www.**eMarketer**.com

US Mobile Ad Spending Share, by Format, 2009-2014
% of total

- 2009: 55% | 22% | 20% | 3%
- 2010: 44% | 27% | 25% | 4%
- 2011: 38% | 30% | 27% | 5%
- 2012: 32% | 33% | 30% | 6%
- 2013: 26% | 34% | 33% | 7%
- 2014: 24% | 35% | 34% | 8%

■ Messaging   ■ Display   ■ Search   ■ Video
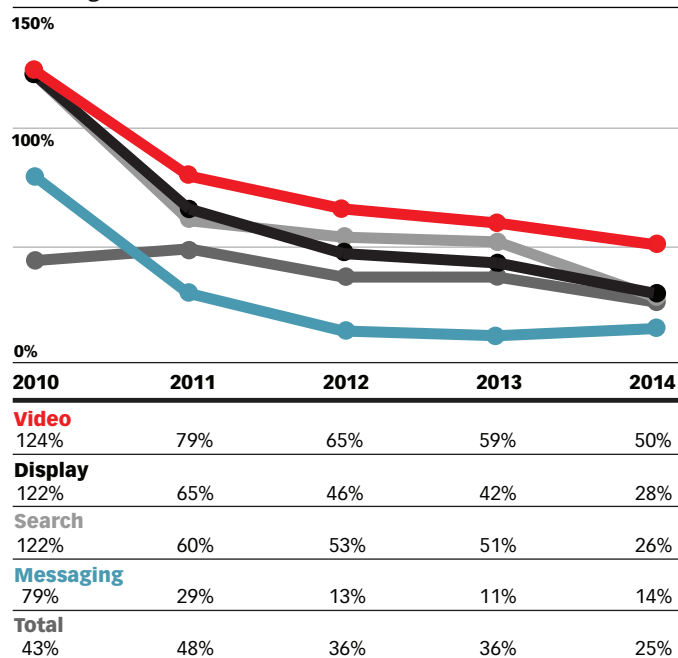
Note: numbers may not add up to 100% due to rounding
Source: eMarketer, Sep 2010

120014   www.**eMarketer**.com

US Mobile Ad Spending Growth, by Format, 2010-2014
% change

	2010	2011	2012	2013	2014
Video	124%	79%	65%	59%	50%
Display	122%	65%	46%	42%	28%
Search	122%	60%	53%	51%	26%
Messaging	79%	29%	13%	11%	14%
Total	43%	48%	36%	36%	25%

Source: eMarketer, Sep 2010

120015   www.**eMarketer**.com

Key eMarketer Numbers: Mobile Advertising and Marketing	
$2.55 billion	US mobile ad spending in 2014, up from $743.1 million in 2010
43%	US mobile display ad (including video) share of total US mobile ad spending in 2014, up from 31% in 2010
$858.2 million	US mobile search ad spending in 2014, up from $185.0 million in 2010
24%	US mobile messaging ad share of total US mobile ad spending in 2014, down from 44% in 2010
$201.3 million	US mobile video ad spending in 2014, up from $28.3 million in 2010
44%	CAGR (2009-2014) for US mobile ad spending
Source: eMarketer, Sep 2010	

Extended Note: Display data includes banners and rich media on WAP sites, mobile HTML sites and embedded in-application/in-game advertising. Search data includes advertising on search engines, search applications and carrier portals. Messaging data includes ad placements in SMS, MMS and peer-to-peer messaging. Video data includes all video ads targeted specifically for mobile phones.

120011

Comparative Estimates: US Mobile Ad Spending, 2008-2014
millions

	2008	2009	2010	2011	2012	2013	2014
Borrell Associates, April 2010	$1,200	$1,700	$6,100	$10,600	$16,600	$24,200	$33,900
JP Morgan, Jan 2010		$1,613	$2,616	$3,790	$5,099	$6,303	-	-
Coda Research Consultancy, Oct 2009	-	$1,485	$2,331	$3,089	$3,597	$3,885	-
MMA, June 2009	-	$1,700	$2,200	-	-	-	-
GroupM, Sep 2009	$648	$775	$932	-	-	-	-
Myers Publishing LLC, Dec 2009	$655	$714	$914	$1,280	$2,048	-	-
Credit Suisse, July 2010	-	$348	$785	$1,615	$3,072	$4,548	$6,213
eMarketer, Sep 2010	**-**	**$416**	**$743**	**$1,102**	**$1,501**	**$2,037**	**$2,550**
The Kelsey Group, Feb 2009	$160	$330	$720	$1,540	$2,260	$3,110	-
PwC, June 2010	-	$570	$803	-	-	-	-
Forrester Research, July 2009	$232	$391	$561	$748	$950	$1,131	-
ZenithOptimedia, July 2010	$232	$391	$561	$802	$1,147	-	-
SNL Kagan, Sep 2010	-	-	$480	-	-	-	-
MAGNAGLOBAL, May 2009	$169	$229	$331	$409	-	-	-
Yankee Group, April 2010	$114	$184	$242	$324	$432	$572	$748
IDC, May 2010	-	$220	-	-	-	-	$1,800
Source: various, as noted, 2009 & 2010							

120011   www.**eMarketer**.com

Extended Note: Borrell Associates includes ads delivered through text, browser, email, apps and in-game and includes local and national spending. Coda Research Consultancy includes search, display and SMS. Credit Suisse includes display and search. eMarketer includes display (banners, rich media and video), search and messaging-based advertising. PricewaterhouseCoopers includes mobile internet ads only.

Citation: Borrell Associates, "The 2010 US Local Mobile Advertising & Promotions Forecast, Part 1: Mobile Coupons Set to Cash In," provided to eMarketer, April 19, 2010; Coda Research Consultancy, "US Mobile Broadband: Behavior, Content and Forecasts, 2009-2015" as cited by TechCrunch; eMarketer calculations, Oct 13, 2009; Credit Suisse, "Mobile Internet Survey 2010" as cited in "Convergence 2010: The Wireless Web World," July 15, 2010; Forrester Research, "US Interactive Advertising Forecast" as cited in company blog, July 8, 2009; GroupM, "Interaction 2009," provided to eMarketer, Sep 9, 2009; International Data Corporation (IDC) as cited by MediaPost, May 19, 2010; JPMorgan, "Nothing But Net," provided to eMarketer, Jan 4, 2010; MAGNAGLOBAL as cited in press release, May 4, 2009; Mobile Marketing Association (MMA) as cited in MediaPost, June 4, 2009; Myers Publishing LLC, "Myers 1998-2012 Media Marketing Expenditures," Dec 7, 2009; PricewaterhouseCoopers (PwC), "Internet advertising: wired and mobile," June 2010; SNL Kagan as cited by Bloomberg Businessweek, Sep 7, 2010; The Kelsey Group, "Going Mobile: The Mobile Local Media Opportunity" as cited by MarketingCharts, Feb 24, 2009; Yankee Group, "2009 Advertising Forecast Update: Less TV, More Internet," April 2010; ZenithOptimedia, provided to eMarketer, July 19, 2010

Related Information and Links

Related Links

Adenyo
http://www.adenyo.com

AdMob
http://www.admob.com

AT&T
http://www.att.com

BBDO
http://www.bbdo.com

5th Finger
http://www.5thfinger.com

4INFO
http://www.4INFO.com

Greystripe
http://www.greystripe.com

Hipcricket
http://www.hipcricket.com

Medialets
http://www.medialets.com

Microsoft Advertising
http://advertising.microsoft.com

Rhythm NewMedia
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