

# Mobile advertising spend booms



By [Eddie Groenewald](#)

5 May 2008

While mobile advertising spend stats are sketchy, ranging between US\$ 2.44 billion by 2009 and US\$250 billion by 2018, the industry is looking to make it easier for advertisers and consumers to produce and consume mobile advertising.



Mobile advertising is growing at a rapid rate. Just how quickly is difficult to say. The Jack Myers.com Business report states it will grow to US\$ 2.44 billion by 2009, while the Informa Telecoms & Media group seemed rather bullish and broad with its prediction that mobile advertising will generate between US\$11.4 to US\$20 billion by 2011.

Gartner has echoed Informa's prediction, saying that worldwide mobile advertising revenue is forecast to surpass US\$12.8-billion in 2011.

However, a new report by consultancy STL, on behalf of the GSM Association (GSMA), says mobile advertising could be worth over US\$250 billion by 2018.

The report drew heavy criticism from the industry, which is highlighting the huge disparity of figures been bandied around.

Fortunately, Vodafone, O2, T-Mobile, Orange and 3 have formed a working group to define a common mobile advertising audience measurement system like the ones used for TV, radio and other press coverage.

## Calling it right, finally!

While the figures are speculative and varied, it's at least causing people to wake up and begin to realise that mobile is bigger than anyone ever predicted.

The prediction of mobile's absolute dominance is based on the "upstream and downstream model", where advertising

revenue can be pulled from both the media and consumers, given the interactive nature of the cellphone between users and advertisers.

While the industry originally completely underestimated how big cellphones and services like SMS would be, this time a lot of effort is going into defining where mobile advertising is going and what needs to be done to capitalise on that growth. This time it looks like predictions may be more in line with where mobile advertising is actually going.

The initiative to define mobile measurement is an attempt to reach out to the media buyers and advertising agencies which hold huge influence over their clients on what strategy and the type of content they should use to reach out to customers.

According to Gartner, ease of use and relevancy to consumers are two important factors that must be addressed to help build momentum in the mobile advertising market.

“Innovative developments, such as minimising the number of keystrokes required to access information, using the phone's camera to improve the overall user experience and tying content or shopping location relevancy to advertisements will move the market forward,” says Tole Hart, research director at Gartner.

However, Hart asks whether customers will accept advertisements, and can brands and advertisers drive revenue via mobile advertising?

## Loud and clear

The South African market is answering these and other questions loudly and clearly. Here's what we've seen:

- MMS campaigns are extremely well-received and penetrate the base of users within 48 hours of the campaign rolling out.
- Viral impact is high, with users sharing the experience with friends and family.
- Response rates vary, but generally fall between in the 10 - 25% range, which is much higher than traditional marketing figures.
- Unsubscribe rates are extremely low, in most cases less than 1%.
- Companies are starting to use mobile websites (mobisites) to customise content for viewing on cellphones and consumers are starting to use them.

Mobile advertising is fast being demystified in South Africa and media buyers, ad agencies and the clients they represent need to open their eyes and begin to realise the opportunity that mobile advertising presents to them.

SA has one of the most progressive bases of cellphone users in the world, coupled with some of the lowest data rates in the world. Companies need to capitalise on these facts and grow the use of the medium in reaching out to consumers.

## ABOUT EDDIE GROENEWALD

Eddie Groenewald has 27 years experience in the ICT industry, of which more than a decade has been in the Digital Marketing sector. He now focuses on a True Multimedia Offering, ATL, BTL and Digital.

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