

In 2015, 1 billion smartphones will be sold.

The average mobile app user spends more than 30 hours a month on more than two dozen apps.

46 percent of app users report having paid for their apps.

By 2017, its expected that over 268 billion downloads will generate \$77 billion worth of revenue.

Mobile app revenue will climb to \$98 billion in 2018.

2013 Mobile Platform Ownership

25% iPhone

28% Android

4% Blackberry

1% Windows

1.4 Devices per person (globally)

x

7.3 billion (worlds population)

=

10 billion mobile internet devices in use

26.8 average apps used per month

Spending an average 30 hours, 15 minutes
per month

Highest usage age group = 25-34 yrs

How can companies profit from this
exploding market?

Ways of generating revenue

Paid Apps— This is most risky way of earning revenue. Usually best for large brands or less competition.

In-app Purchase— You provide the free app and if your users want to have extra features or content, they can buy in-app items as they need. It may lead to better user satisfaction.

Virtual Currency— Allow users to buy coins, unlock new levels or purchase goodies directly from the in-app store or market place. This is said to be the most profitable app revenue model till date.

Subscriptions—Best for magazines and video content. Creating and managing these can be tiresome for both.

46% of app downloaders report they have paid for an app

52% say the highest they have paid is \$5

17% have paid more than \$20 for an app

The worldwide mobile advertising revenue
expected growth between 2011 and 2016...

400%

Out of all people who download apps, the groups most likely to pay for them are:



Men



*Adults age 30
and older*



*College
graduates*



*Adults with household
incomes of \$50,000
or more*



*Those living in
urban cities*

Problems with mobile advertising:

- Mobile doesn't have the same targeting tools (i.e. cookies) that there are online
- Screens are smaller
- Ads are more intrusive than on the desktop

Therefore...

Mobile ad rates are lower

Meaning...

You make less money than other digital
media

Marketers are spending more on ads for smartphones than for tablets, because more people own the former than the latter.

However... metrics suggest that tablets may have better monetization potential. Click-through rates for the iPad, for example, are twice that of the iPhone, according to Inneractive, a mobile ad exchange, and thus the ad rates are also higher for the iPad.

Source: <http://gigaom.com/2012/11/15/whats-working-in-mobile-advertising-and-what-might-work-in-the-future/>

The sectors that spend the most on mobile advertising are telecommunications, retail and restaurants, automotive, finance and education.

(according to Millenial Media)

Types of mobile ads

In-app purchases will account for 48% of app store revenue by 2017

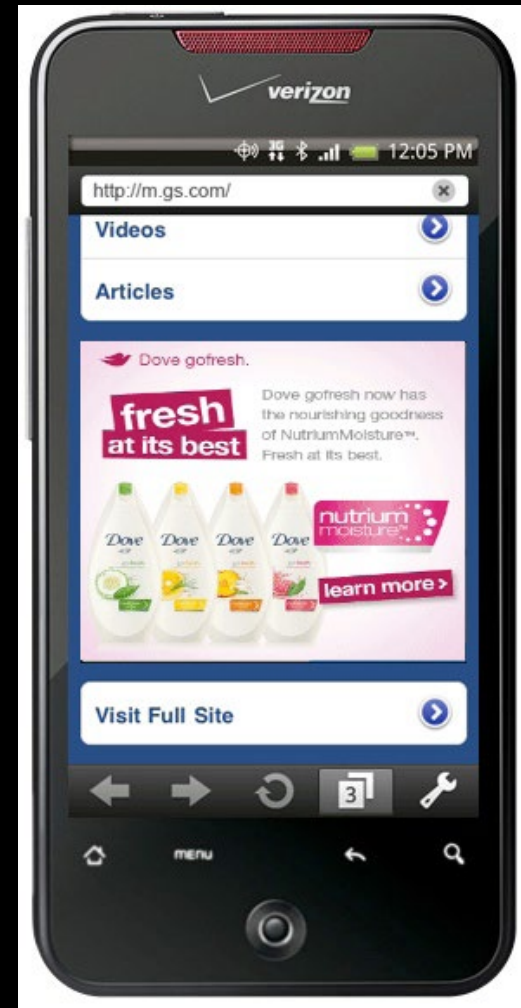
Banner display ads—

Popular because advertisers can buy in standard sizes.

But they are problematic on smartphones because they trigger accidental clicks. Even if advertisers keep the banners small to avoid turning off users, then they can run into another problem — they're harder to make engaging and easier for readers to ignore.

A traditional online banner ad may get \$3 to \$5 for every thousand clicks, whereas mobile banner ads can get \$1 or less.

Static and expandable banners went from 66% of ads in January to 36% in June (2012).



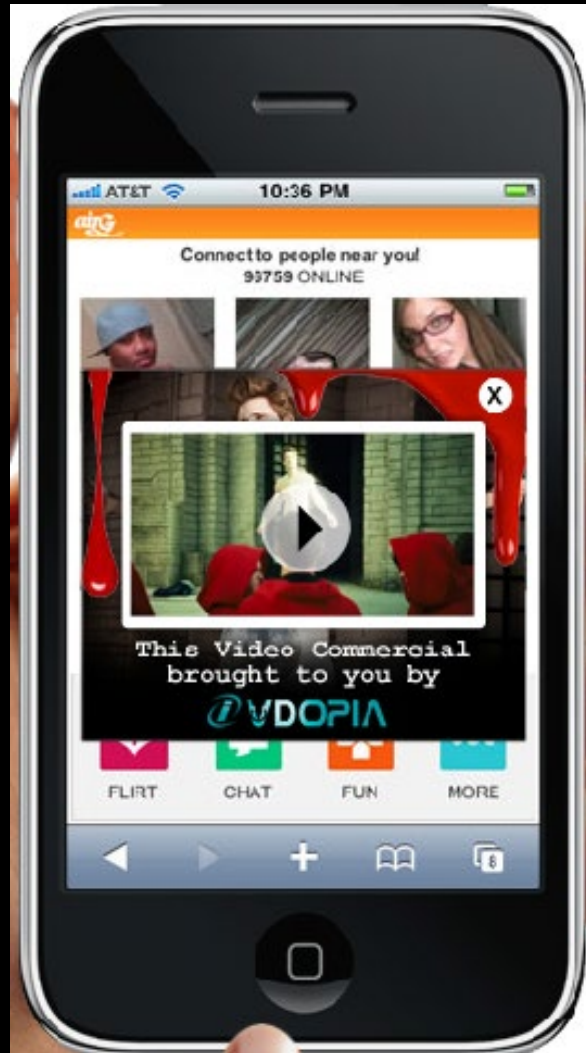
Rich media and video ads—

Video, animation, photo galleries and interactive elements, which can make mobile advertising more similar to a TV commercial or a magazine.

More pricey but can offer a more immersive experience.

Users who clicked on a rich media ad spent an average of 52 seconds viewing a video and 1 min and 25 seconds interacting with photos.

Advertisers have started using rich media and video ads more frequently this year than traditional banner ads.



Search advertising—

Represents half of all mobile ad spending

The smartphone is often the first step in a longer research process that continues on a tablet or computer. Mobile search is also valuable for advertisers because most consumers are very intent-driven when they search on a mobile phone and are likely to complete a task after searching.

Google said that 9 out of 10 mobile searches by users have resulted in an action such as a purchase or a visit to a business.

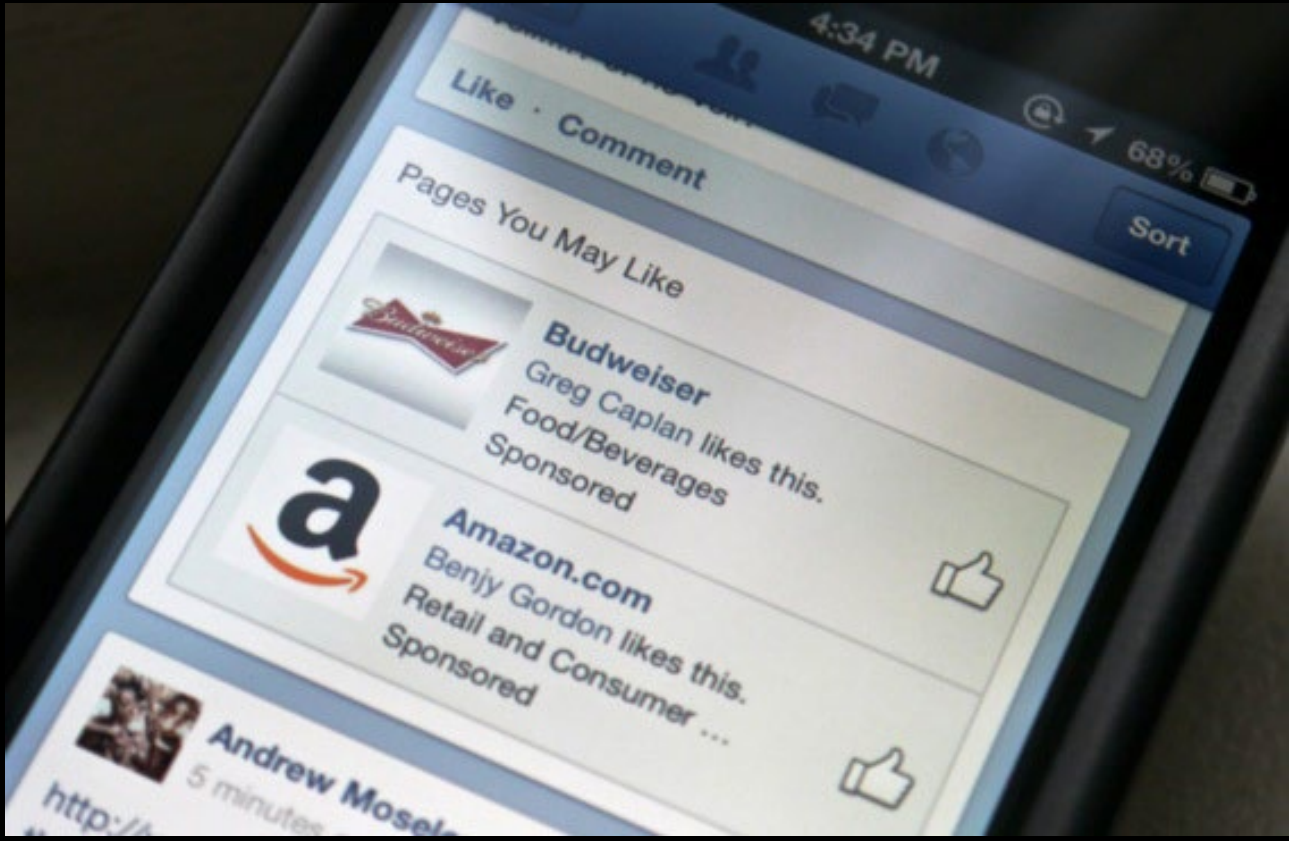


Native advertising—

Unlike with standard ad units, companies (apps) help advertisers create messages and content that work within the flow of their platforms. By using the existing units of content, like a tweet or update, advertisers have an organic way to advertise through mobile that is harder to ignore.

Facebook said it now gets 14 percent of all of its revenue via mobile sponsored stories and install ads, which appear right in the news stream of its mobile apps and website.

The challenge with native advertising is that it can be hard to replicate across different apps and often requires more work to cater to each platform.



4:34 PM

68%

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Benjy Gordon likes this.
Retail and Consumer ...
Sponsored



Andrew Mosel
5 minutes

http://



Social media is the biggest source of big data.

90% of Fortune 500 companies are investing in big data initiatives that will help them predict consumer behavior to produce better sales results.