

Australian Mobile Advertising Landscape



3 questions for today

1.

What is the consumer opportunity?

2.

How ready is the marketing industry for mobile?

3.

What is important in delivering effective advertising?

What research are we drawing upon?

1.

What is the consumer opportunity?

- TNS Mobile Life™:
Global study in 40 markets, running from 2006 – 2013

2.

How ready is the marketing industry for mobile?

- 2013 industry survey

3.

What is important in delivering effective advertising?

- Consumer eye tracking into a variety of different ad formats
- Meta analysis of industry data

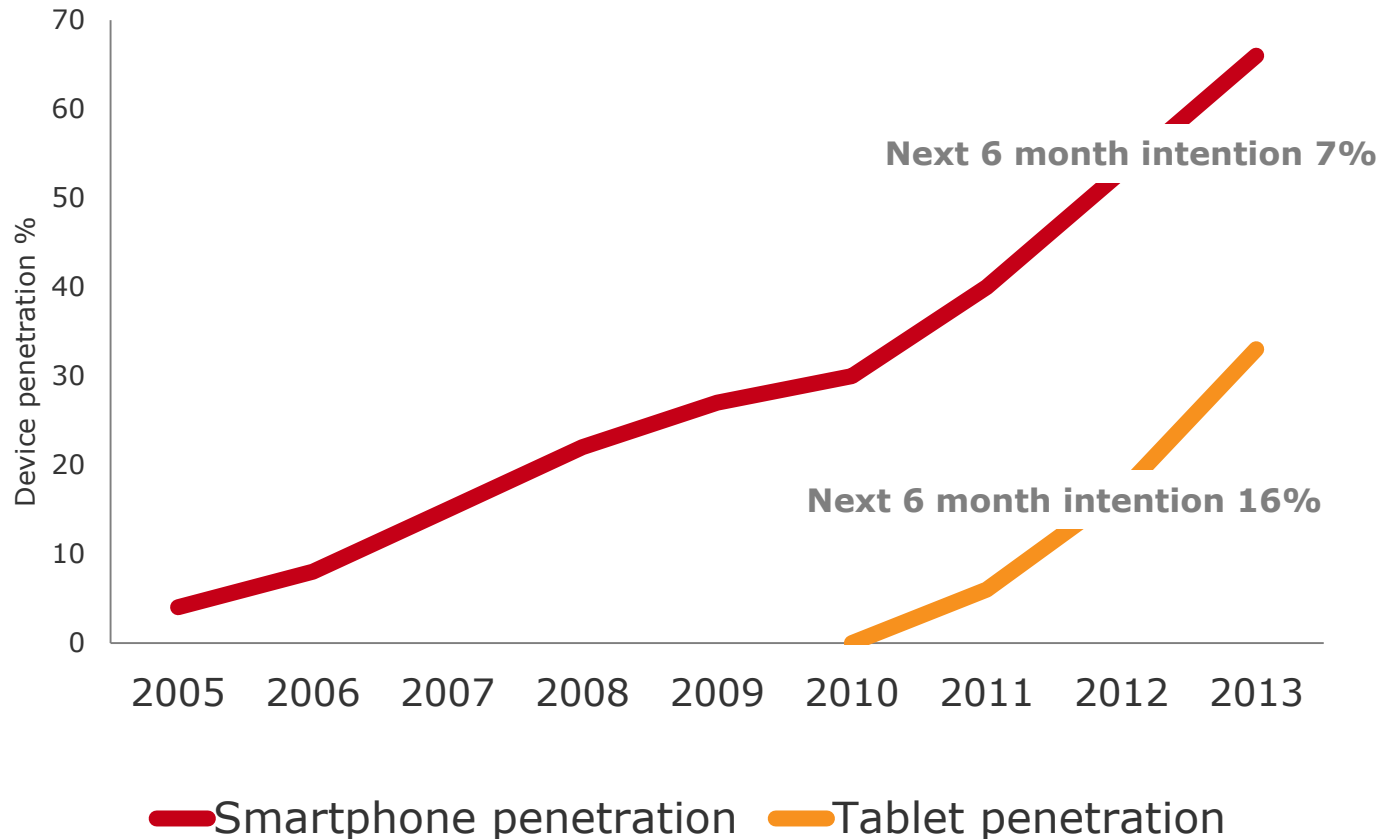
1

What is the consumer opportunity?



The majority of Australians now have a smartphone, and tablets are growing rapidly

Australian smartphone and tablet penetration over time, Ad industry expenditures

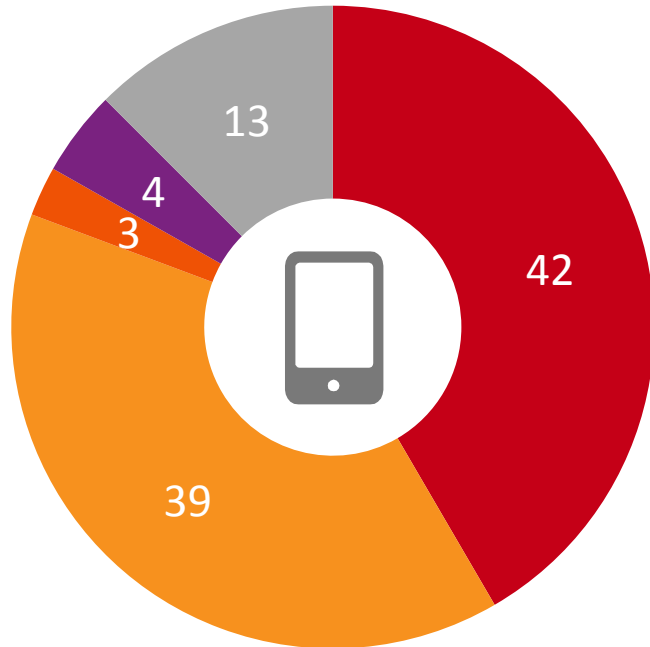


2012 Mobile ad expenditure
\$86.2M*
(+220% y.o.y.)

SOURCE: TNS Mobile Life 2013 (and prior) B1: Which of the following devices do you own?; IAB Online Advertising Expenditure Report (Dec 2012) *\$86.2 million includes mobile search.

Android is now the leading platform in Australia

Smartphone operating system share in Australia



Deciding which platform (if not both) to develop sites and apps for should be informed by penetration within a specific target audience to maximise return

■ Android ■ iOS ■ RIM/Blackberry ■ Windows ■ All others

SOURCE: TNS Mobile Life 2013 C22: What operating system does your phone have? [Smartphone owners]

Mobile device owners are a desirable market

Smartphone and tablet owners are



Skewed younger



More educated

Wealthier

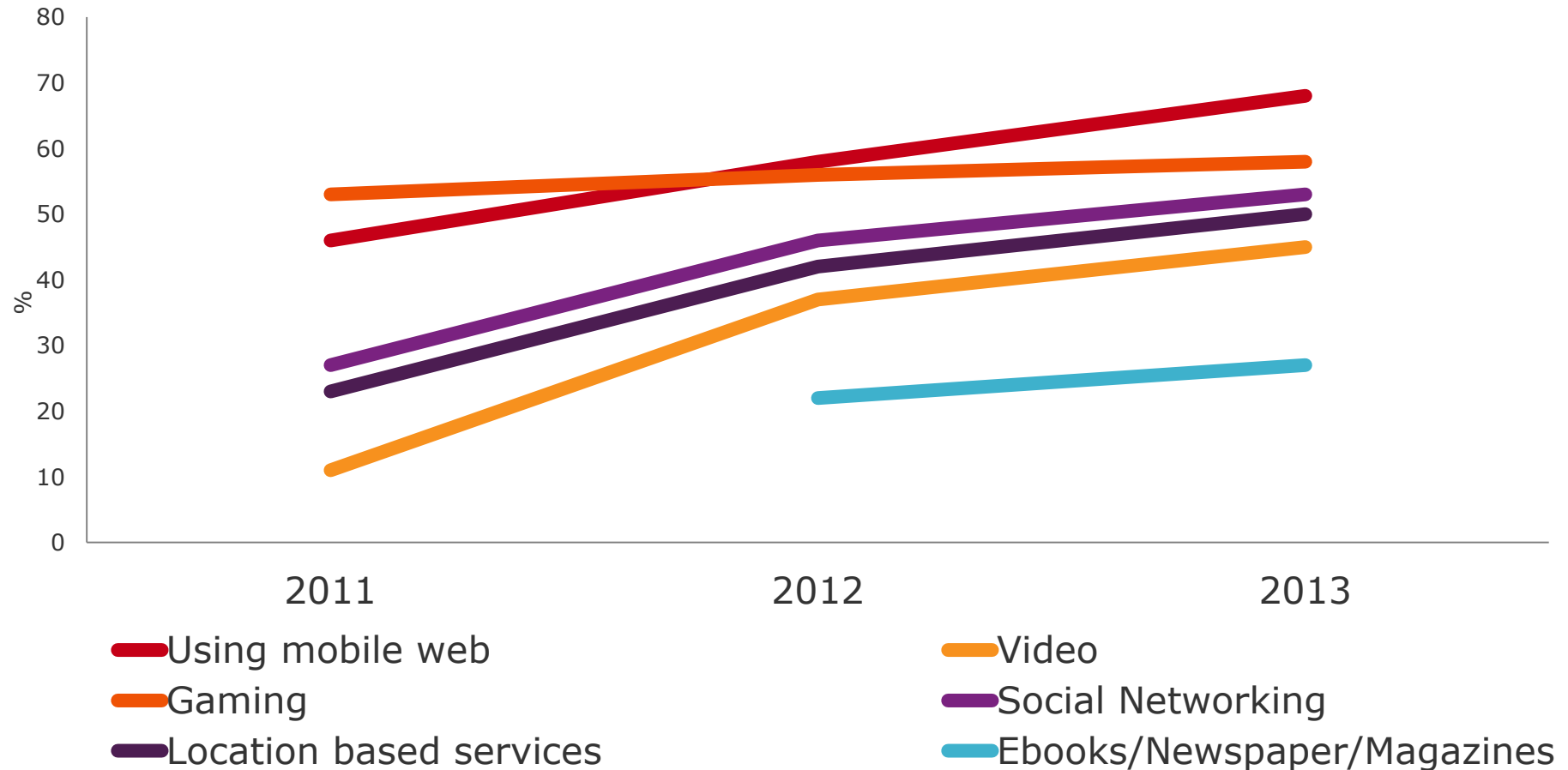


than non-owners

Mobile Life 2013, Demographics

The addressable opportunity continues to grow

Proportion of mobile phone owners using mobile functions over time



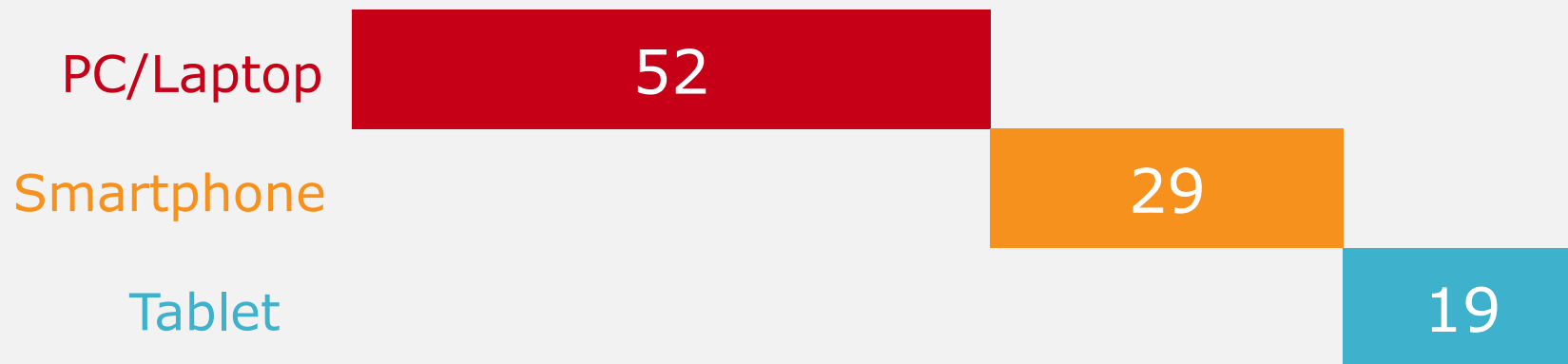
SOURCE: TNS Mobile Life 2011, 2012, 2013 D1: Out of these features, please tell me which of these statements best reflects your usage of that feature. USE = Daily + Weekly + Less often than once a week

Time is fragmenting across devices

Face time is more telling than 'online time'

Are you 'online' when playing Words with Friends?

Share of time with devices (%) (when owning all 3)

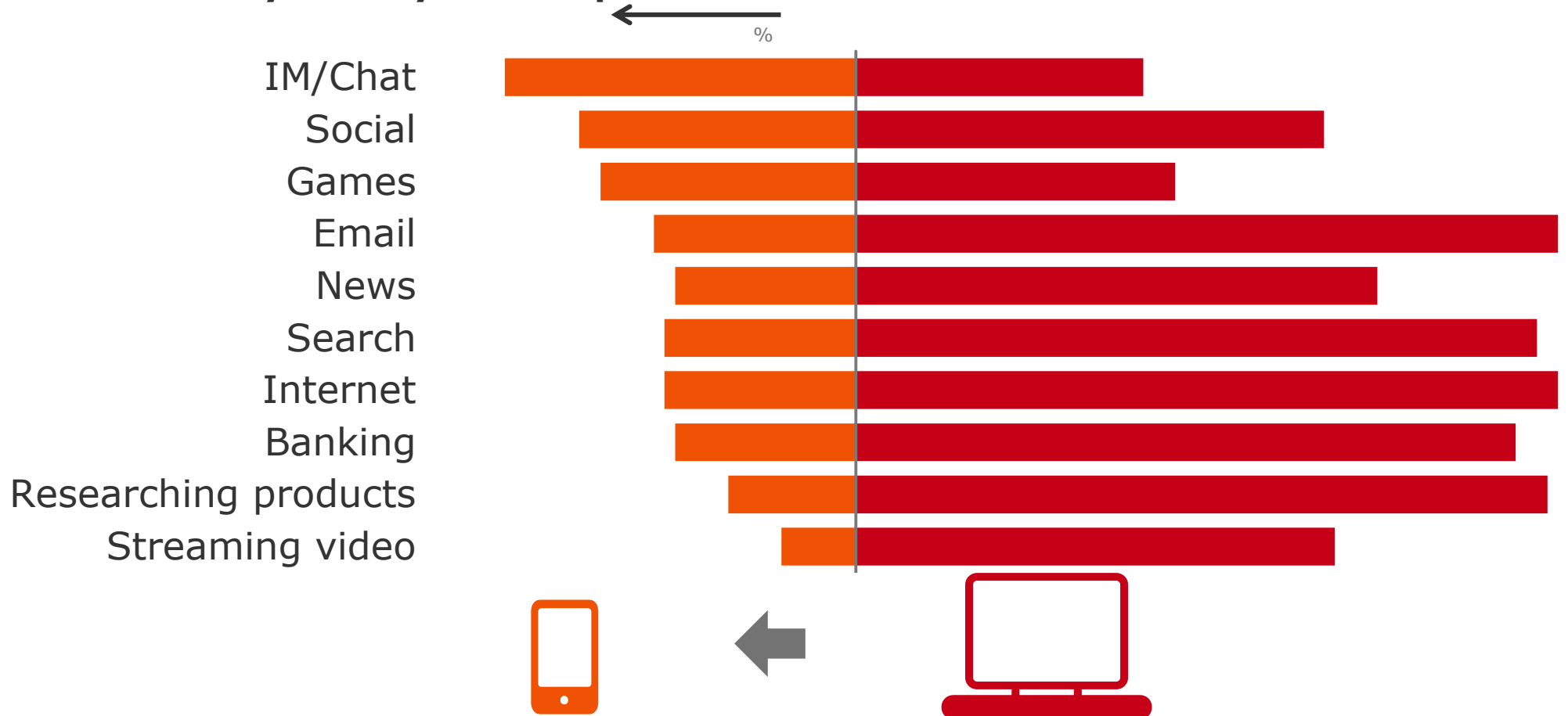


A small – but undoubtedly growing – cohort (16%) use their mobile more than their PCs

SOURCE: TNS Mobile Life 2013 B12: Thinking about your overall usage of these technology devices, how do you allocate your time between each device? Devices: Desktop, Notebook/laptop/netbook, Smart TV, Tablet, Smartphone. Smart TV (6%) not shown; device share rebased to exclude Smart TV

Common online tasks are beginning to move toward mobile devices

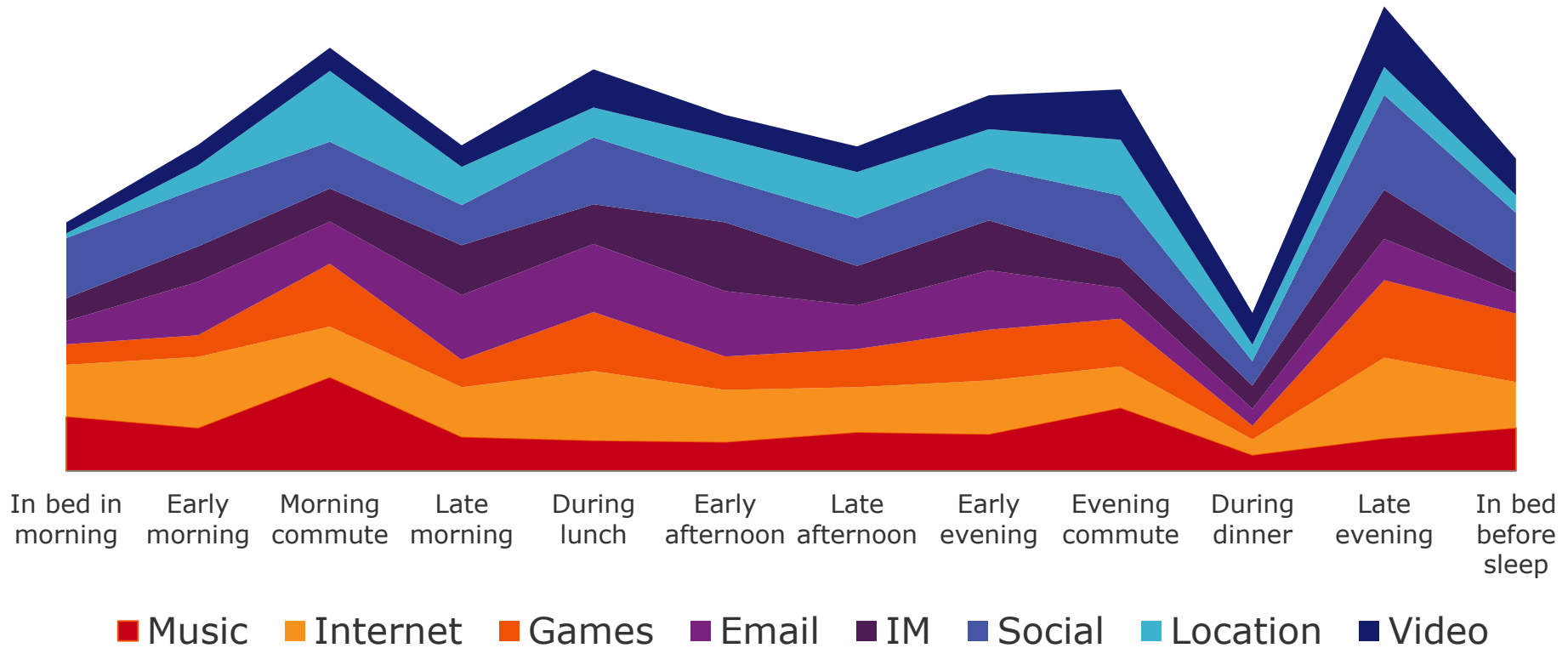
Share of time by activity – Smartphones versus PC



SOURCE: TNS Mobile Life 2013 B19: How do you generally split your time across your devices for each of the below activities?

Advertising needs to adapt to different needs through users' days

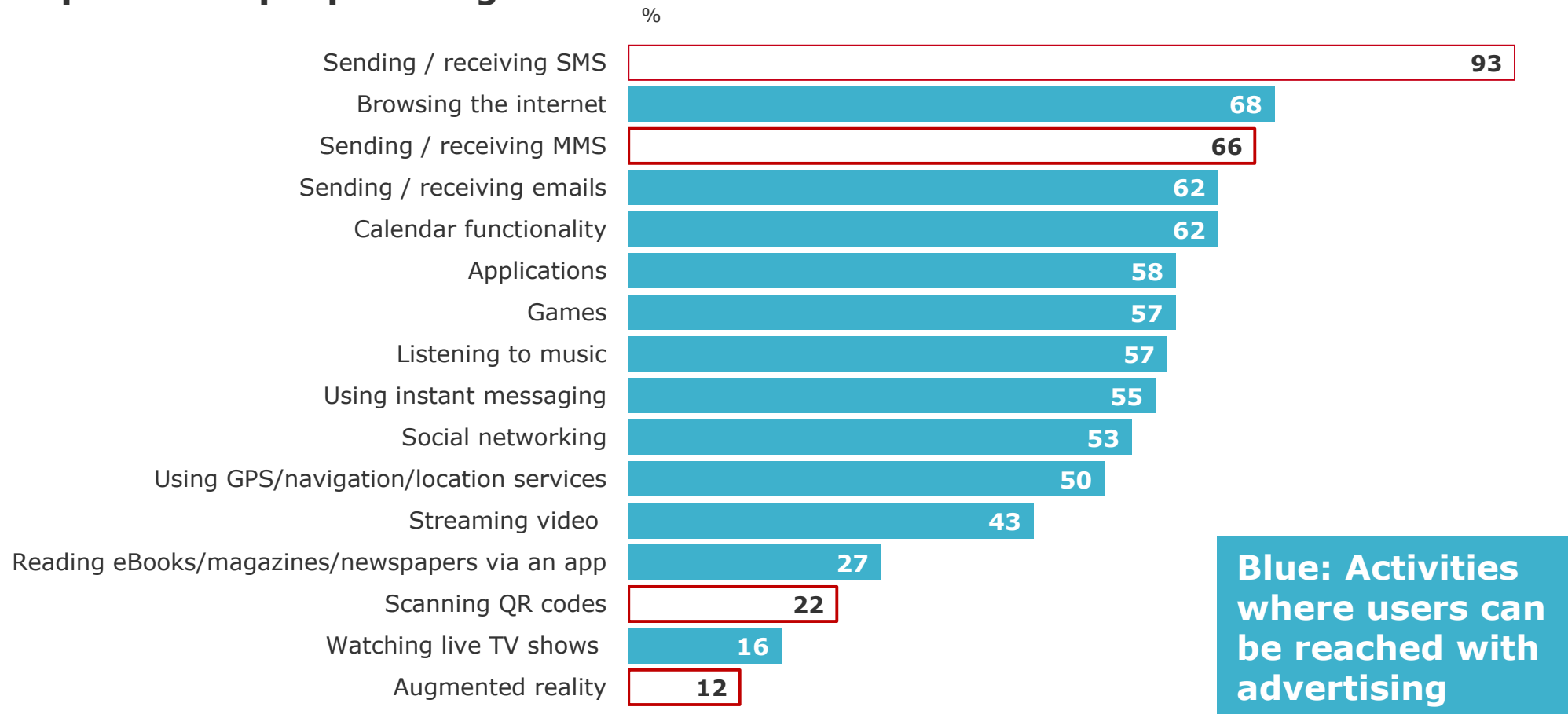
Time of day feature usage – top 3 occasions used for each mobile activity



SOURCE: TNS Mobile Life 2012 D3 "Thinking of a typical day, when do you use your phone most for each of the following activities? Please choose up to three occasions for each activity."

Most activities offer advertisers a channel to consumers

Proportion of people using mobile functions



SOURCE: TNS Mobile Life 2013 D1: Out of these features, please tell me which of these statements best reflects your usage of that feature. USE = Daily + Weekly + Less often than once a week

Branded apps offer niche opportunities

< 1%

of installed apps
are branded

SOURCE: TNS Mobile Behave (Netherlands 2012)

Australians' smartphones are used in key moments of truth

My smartphone...

	<u>% agree</u>
... gives me access to the information I need at the right place and time	70%
... allows me to access information I would not otherwise be able to access	50%
... provides me with a constant source of entertainment - I would be bored without it	45%
... is my most important piece of technology	45%

For marketers, this means tapping into themes of **relevance and **constant availability****

SOURCE: TNS Mobile Life 2013 B20: Thinking about your mobile phone, how much to you agree or disagree with each of the following statements?

Mobile Australia presents an enormous marketing opportunity

- 1.** **The audience is huge:** the majority own smartphones, tablet ownership is growing, and usage is increasing
- 2.** **The channel is constantly available:** Australians' mobiles are always on and to hand
- 3.** **There is a wealth of options:** Devices' omnipresence and capabilities make opportunities for communicating limited only by imagination
- 4.** They are **close to the moment of truth:** Mobile information is about people gaining knowledge when they need it

2

How ready is the marketing industry for mobile?



The first annual IAB Australia industry snapshot survey

IAB Australia commissioned a survey of industry participants, modelled on a similar annual exercise in the UK.

The Australian survey was developed to get the industry's views on aspects such as

- current and projected spend
- familiarity with issues in mobile advertising
- key opportunities for and barriers to mobile's growth as an advertising medium

IAB members were invited to an online survey in January 2013.

115 people from publishers, ad industry suppliers, and brands/end clients participated.

The Australian industry is

Ready but cautious:

67% believe that mobile search will overtake PC search by 2015

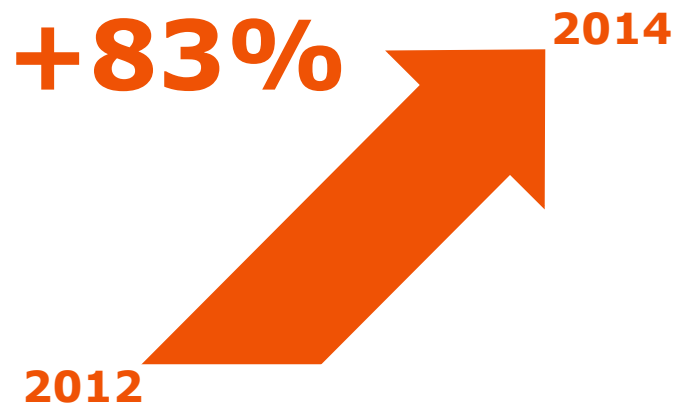
73% believe that mobile will be the fastest growing medium for the next five years

10% or less of digital spend is currently on mobile

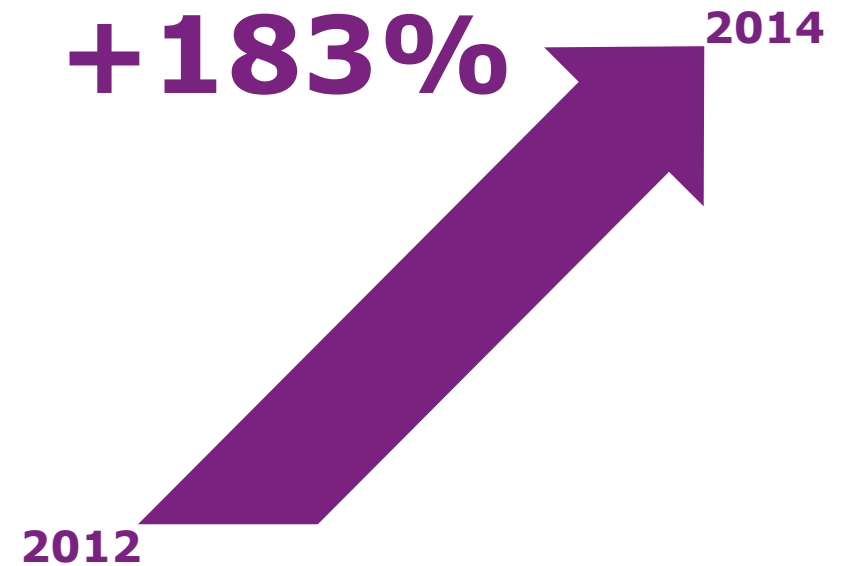
Industry response suggests strong continued growth in mobile share of spend to 2014

Projected growth in proportions of digital spend

Smartphone



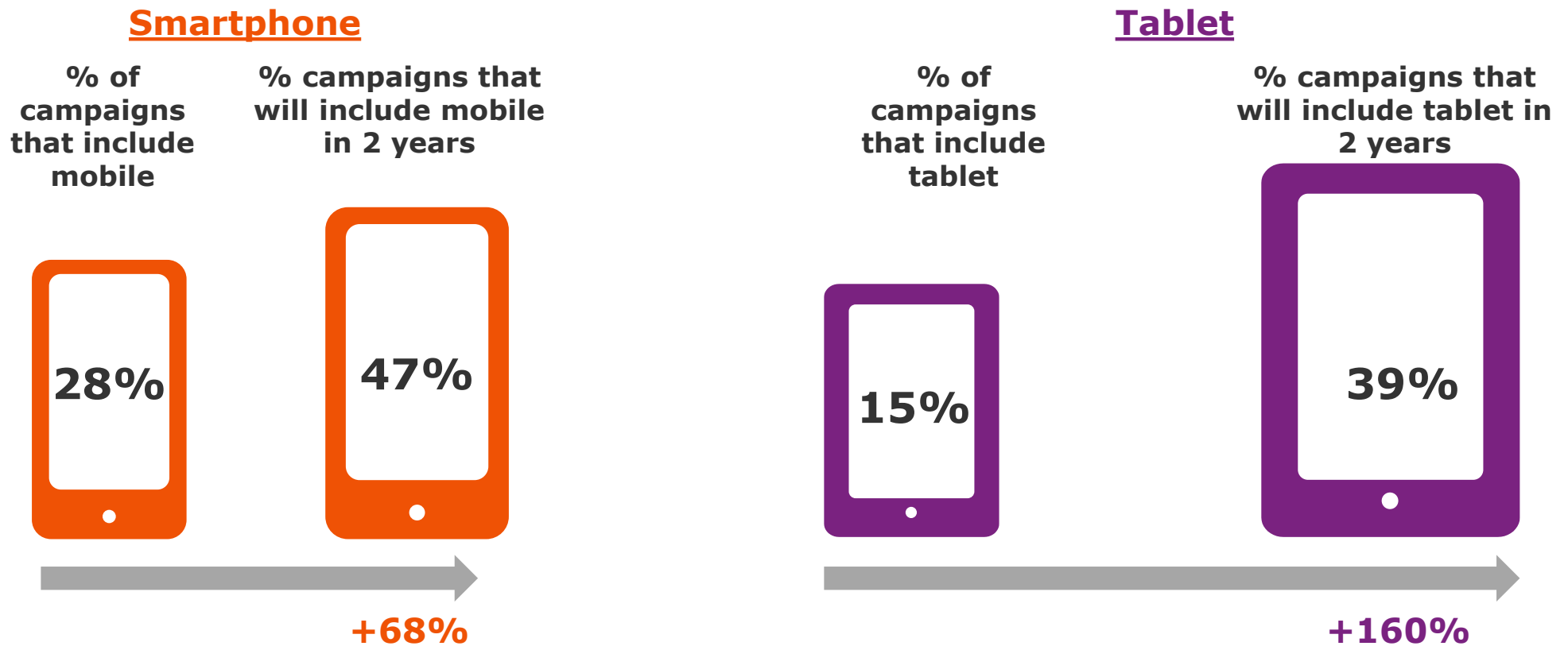
Tablet



Q13. In 2012, what % of the total Digital spend that your organisation influences is for mobile (smartphones) Base: All agencies and clients who know spend (42) (36)

Proportions of campaigns with a mobile component are projected to increase considerably through 2014

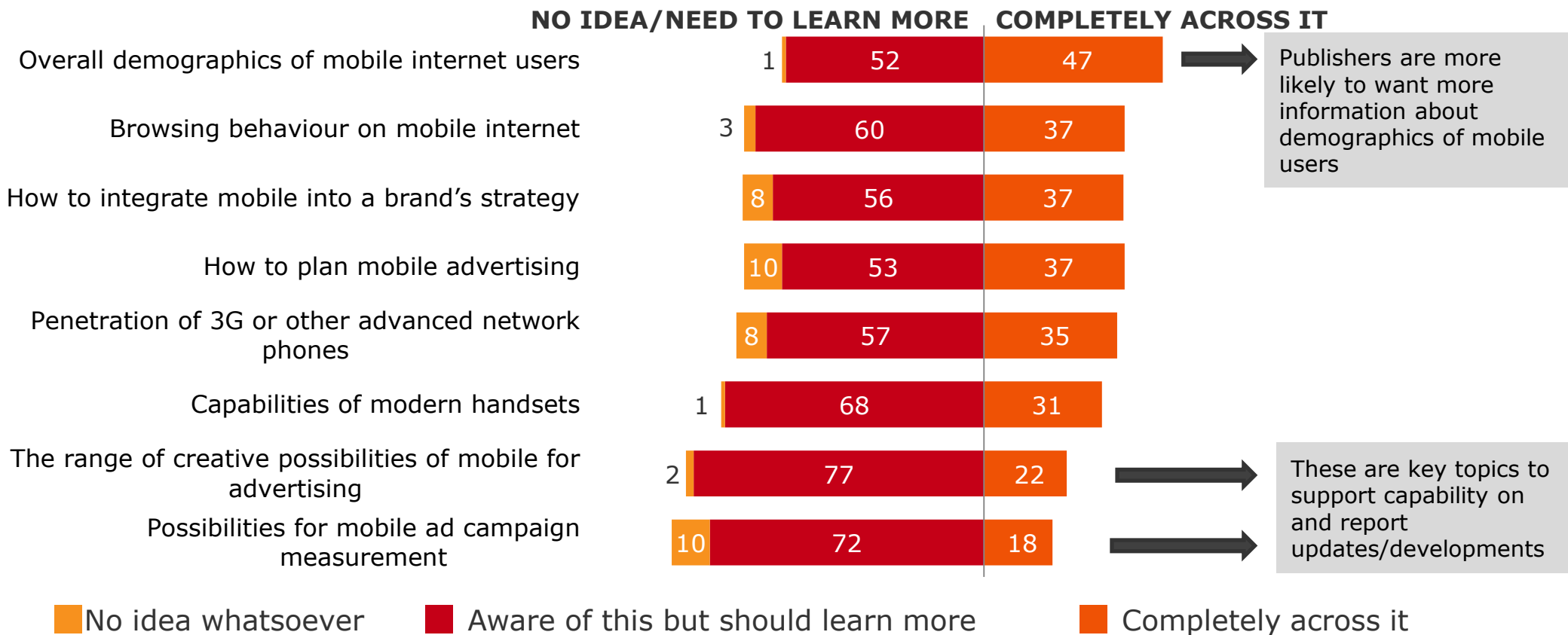
Current and projected proportions of campaigns containing mobile or tablet components



Q17/Q17a. What % of your organisation's campaigns include a mobile component Base: 71

The Australian industry is reasonably aware of global trends and issues

Understanding of global trends and issues

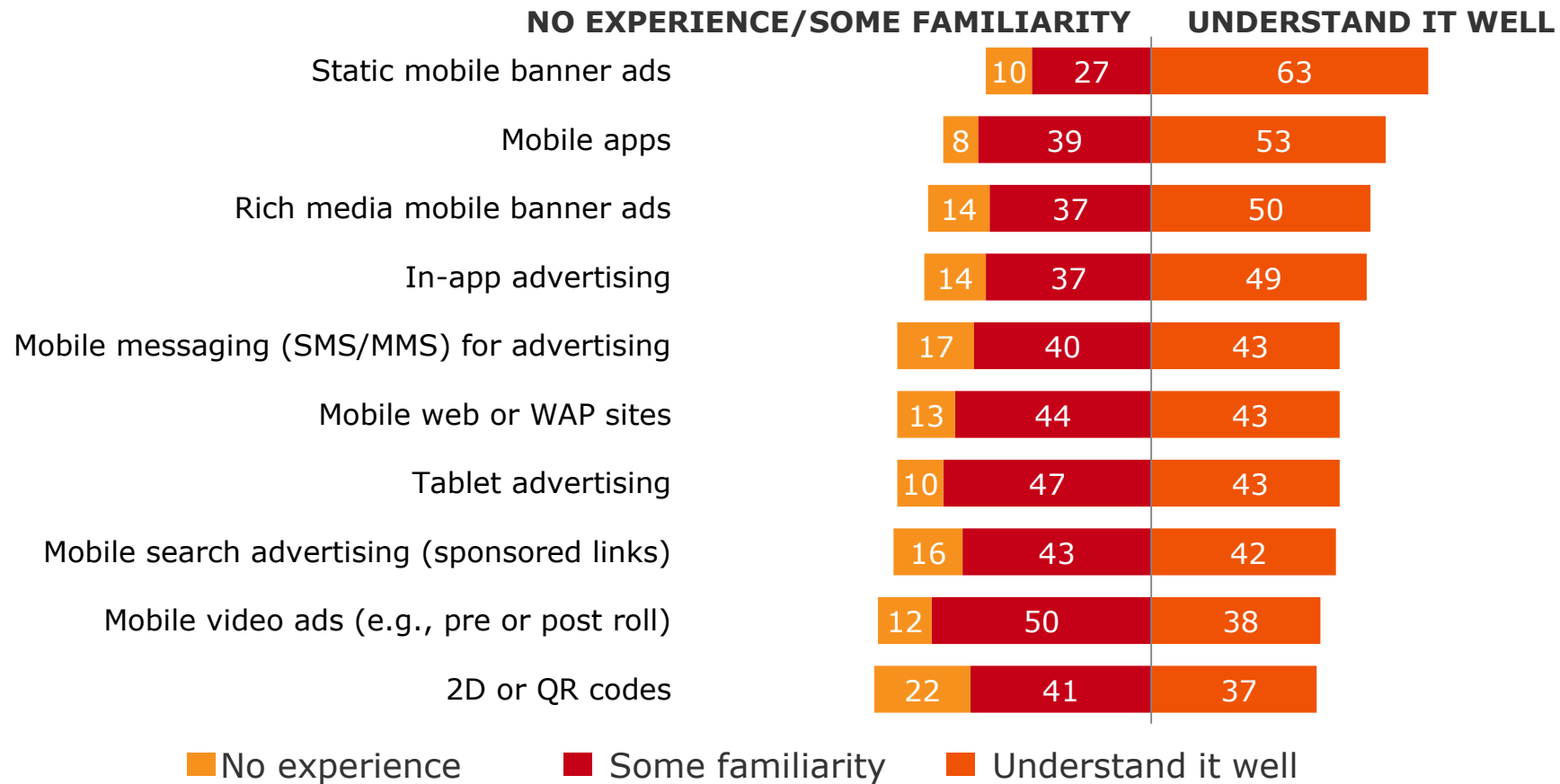


Q6. Do you feel you have a good enough understanding of the following global trends and issues to include mobile in your business Base: 115

Banner ads are well understood, but newer approaches are less well known

Familiarity with types of mobile advertising

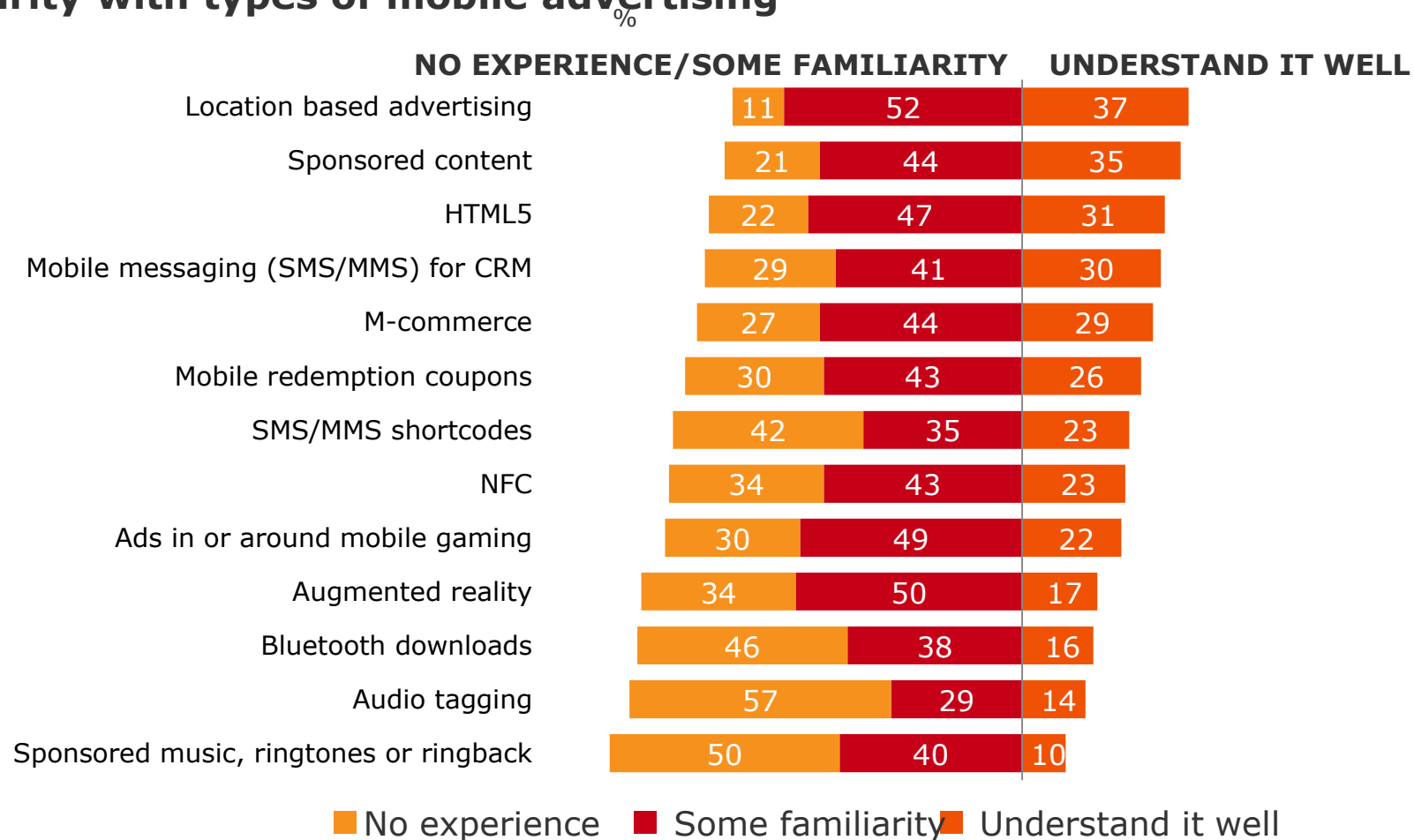
%



SOURCE: Q5 For each of the following types of mobile advertising, please indicate your level of familiarity with it? Base: 115

Mobile offers significant creative tools to assist marketers – as yet though familiarity is low, presenting clear opportunities for leadership

Familiarity with types of mobile advertising



SOURCE :Q5 For each of the following types of mobile advertising, please indicate your level of familiarity with it? Base: 115

Bridging these gaps will let the industry to better connect with consumers via mobile

Location

50% of consumers use location based services

37% of the industry 'understand it well'

Ads around games

57% of consumers play games on their mobile

22% of the industry 'understand it well'

HTML5 / responsive design (for mobile sites)

68% of consumers use the mobile web

31% of the industry 'understand it well'

Room to grow in terms of understanding and measuring

Ranking of issues by organisation type

	Clients*	Agencies	Publishers
1.	Lack of understanding of the cost versus benefit	Lack of advertisers' understanding around mobile advertising	Lack of advertisers' understanding around mobile advertising
2.	Lack of creative opportunities	Lack of measurement and tracking	Lack of measurement and tracking
3.	Lack of integration into wider campaigns	Lack of evidence of effectiveness	Lack of evidence of effectiveness

Q19a. What is the single greatest barrier stopping mobile from being a larger proportion of digital ad spend? Base: 115 *Clients small base (11)

Summary and overall implications

1. Mobile ad spend is currently low but expected to grow rapidly this year and next
2. There is strong confidence around basic advertising formats on mobile, but less so on other forms of advertising
3. The creative opportunities enabled by mobile are yet to be exploited in Australia, specifically location and NFC
4. The industry is at an inflection point: the next stage of development needs experimentation and sharing of experiences

3

What is important in delivering effective mobile advertising?



We looked at how people saw ads on mobile devices, and paired that with a look at some campaign performance data

Consumers' perspective

User experience testing via eyetracking exercises with participants using both smartphones and tablets



APPROACH

- One to one participant testing at Objective Digital's Usability Testing Lab in Sydney, conducted over 2 days (22 – 23 January 2013)
- 12 participants (6 Females, 6 Males), mix of ages (22 – 58 years old)
- Tested live mobile websites and apps using the Tobii mobile eye-tracker
- Participants were asked to complete a task on each property during the testing, and were asked follow-up questions to explore any eye tracking observations.

We looked at how people saw ads on mobile devices, and paired that with a look at some campaign performance data

Industry perspective

Analysis of performance data from a range of campaigns across categories, supplied by IAB members



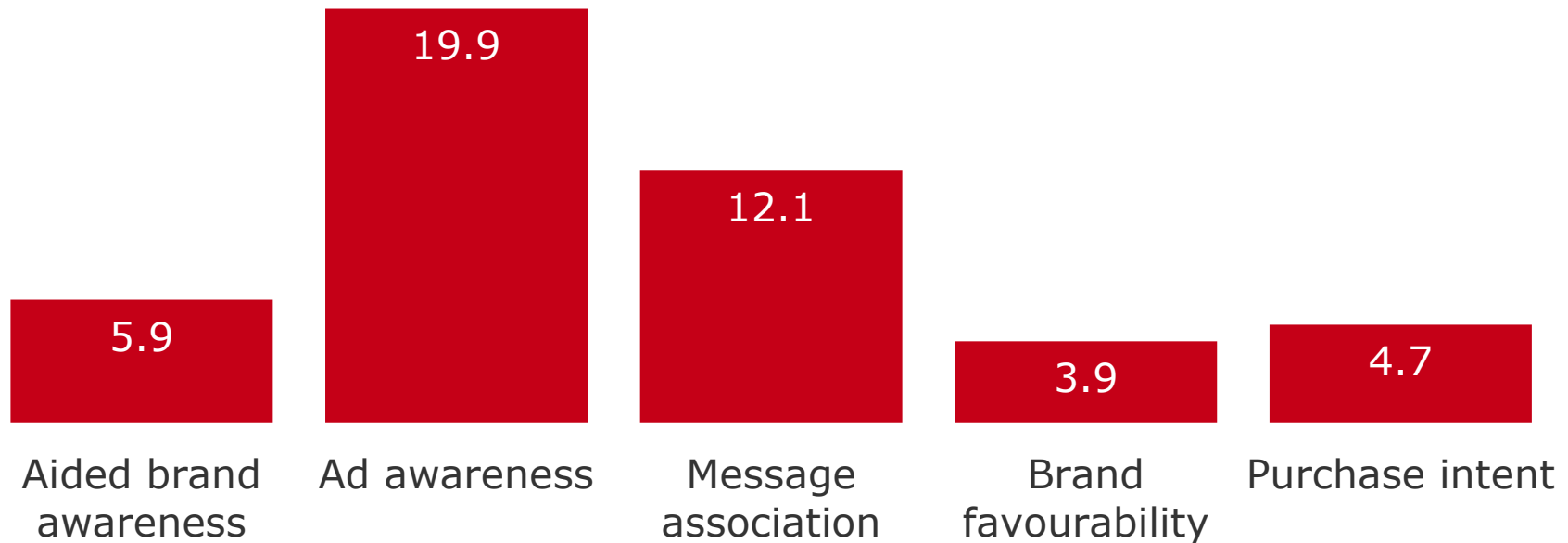
APPROACH

- Information collected included category, targeting, campaign objectives, impressions, and interactions as a measure of engagement.
- Brand impact measures (e.g., awareness uplift, brand uplift, sales uplift were not available)

The average mobile campaign impacts on all 5 traditional brand metrics – and exceeds that of early online and early video ads

Percent uplift (Exposed – Control)

%



AdIndex® results courtesy of  **DynamicLogic**
Millward Brown Digital

SOURCE: Source: Dynamic Logic's AdIndex for Mobile Norms through Q3/2011; Overall Mobile N=165 campaigns, n= 125,471 respondents Delta

- 1 Speed is of the essence
- 2 People's activity impacts ad effectiveness
- 3 Consumer relevance is a critical component of effectiveness
- 4 Ad placement matters – at the top gets more quick looks, at the bottom gets fewer but deeper looks
- 5 Greater intrusiveness demands greater relevance
- 6 Full page tablet ads work like magazine full page spreads
- 7 Smartphone ads garner more attention & interactivity but tablet ads offer greater potential for recognition
- 8 Ads to the right of the screen tend to get less attention
- 9 Rich interactive content yields better results
- 10 The less work a consumer has to do, the more effective the ad

Through this section, these symbols indicate the form factor in question



Smartphones



Tablets

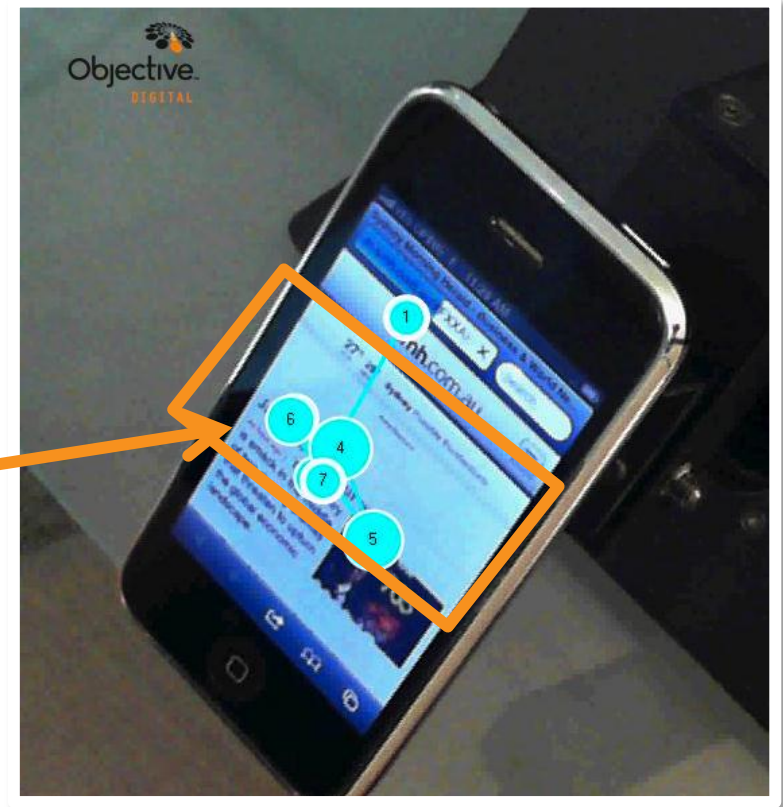
Speed is of the essence: an unloaded ad cannot be effective



1



Waiting for the ad after content has loaded: a missed opportunity

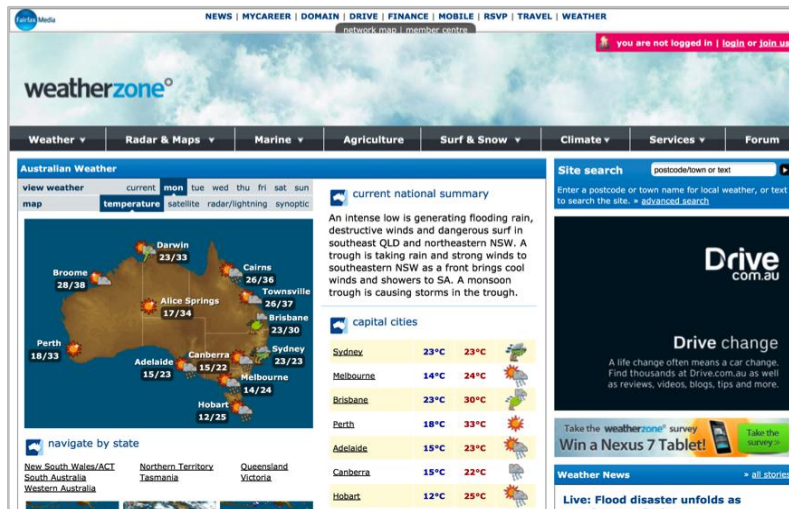


People's activity impacts ad effectiveness: time ads for when users finish their tasks: They'll be more receptive to the ad



2

Active activity: Looking for local weather



Passive activity: News catch-up



% fixated
(looking at an ad long enough to register it)

19%

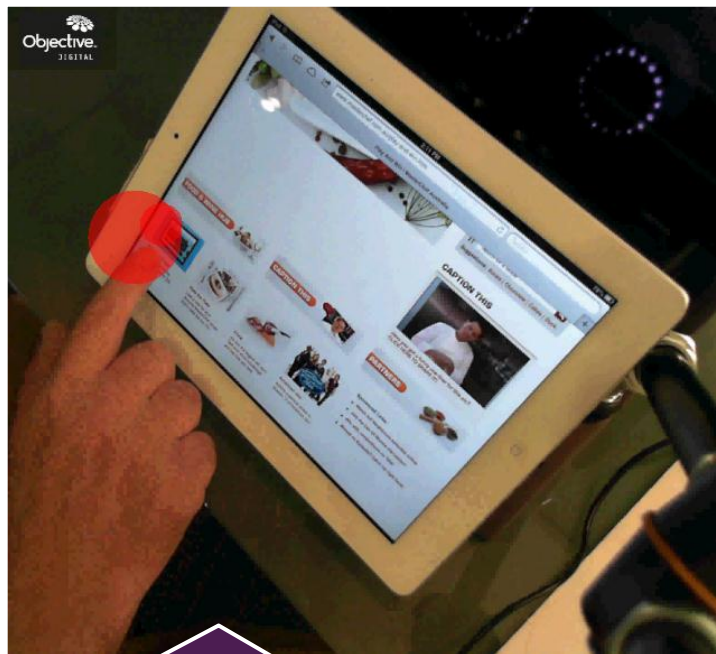
35%

Ads were almost twice as likely to be seen during passive consumption of content, compared to active consumption

Consumer relevance is a critical component of effectiveness:
Understand the target audience and target ads as much as possible
to maximise relevance, and therefore attention paid

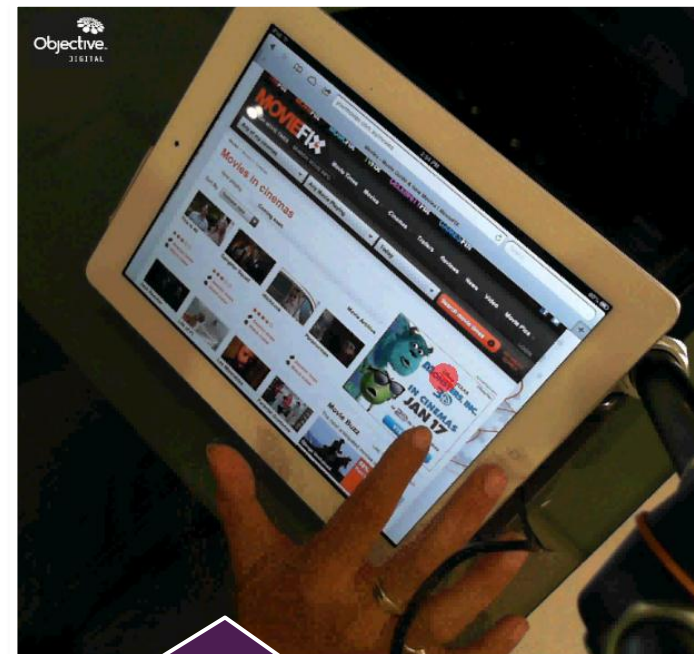


3



"I'm interested in Windows 8"

Regardless of ad type,
position or platform,
**engagement with an
ad is based on
relevance**



"My kids would be interested
in watching this"

Ad placement matters: Ads above content have greater visibility; ads at the bottom attract closer attention

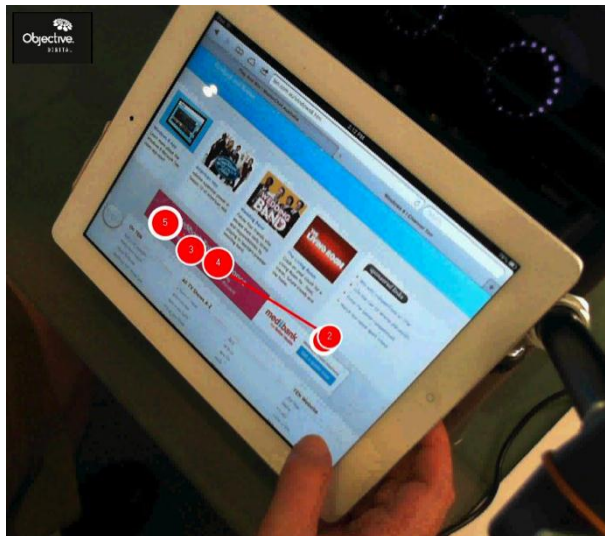


4

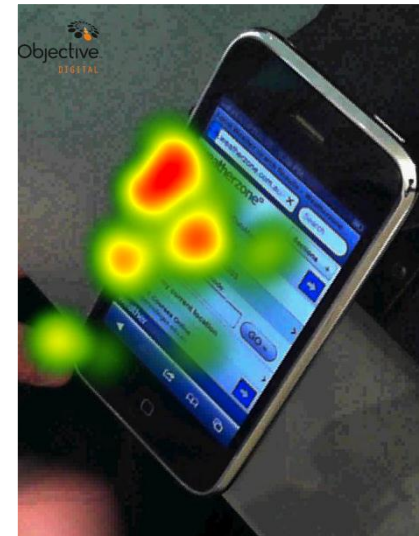
	Fixation Frequency	Percentage Fixated
Top	6.16	42%
Middle	7.33	4%
Bottom	7.56	12%

More people saw the ad located above content

Ads below content (seen after the content was read) attracted more **repeated** attention



User engaging with an ad at the bottom of the page, shown by multiple gazes



Attention concentrated at the top of the page

On smartphones, the more interruptive the approach, the more critical relevance becomes

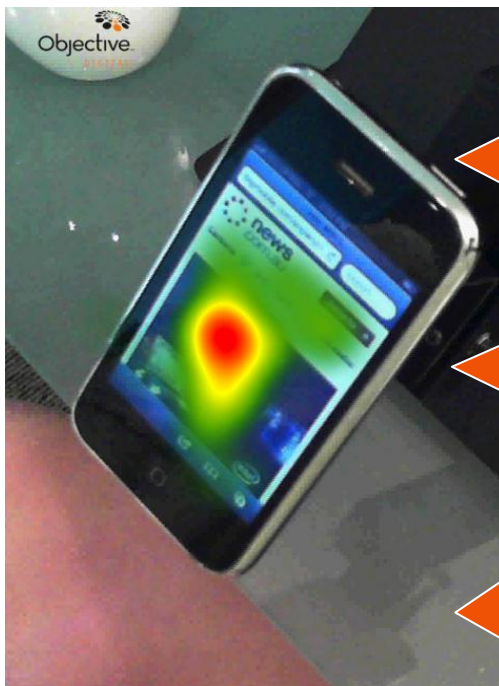
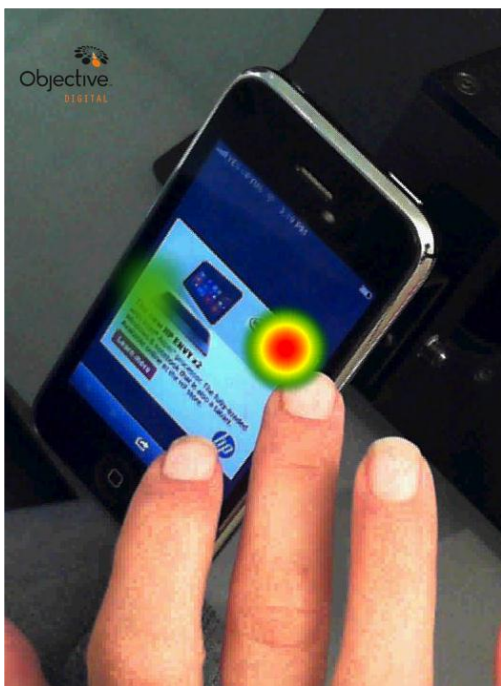


5 Expandable ads are preferred by consumers versus over-the-page interruptions, so give them a reason to expand a banner

'OVER THE PAGE' INTERRUPTIONS

Attention concentrated on the close button

Getting the wrong sort of attention



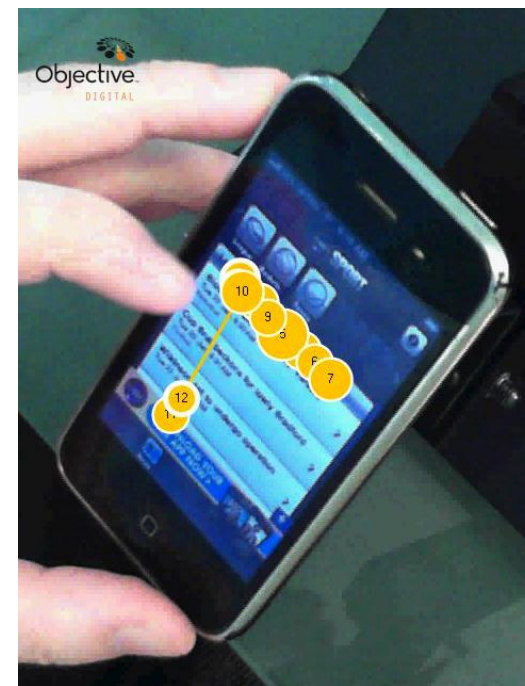
"The first thing I see is a massive ad, which is annoying. I want the choice to see it."

"Dominates a lot of the screen...need to scroll down."

"for an iPhone it takes 3/4 of the screen... inappropriate when you want to look at the news."

EXPANDABLE BANNER

- Attention getting
- Seen as non-intrusive
- Respectful: didn't block key content





5



Linking the launch of a handset with Olympic sponsorship

An expanding banner to rich media unit themed around the Olympic games that held:

- Samsung's official Olympic TVC
- Quiz on the handset features
- Opportunity to enter details to win a handset
- A retailer finder
- Social links

Time spent within the ad reported at 4.5 times industry average

Large in-app ads that fit the user experience are good and even appreciated by users



6



“Full page ads embedded in between...nice and realistic like in a newspaper...I **appreciate that form of ad.**”

People noticed full page ads on both tablets and smartphones.

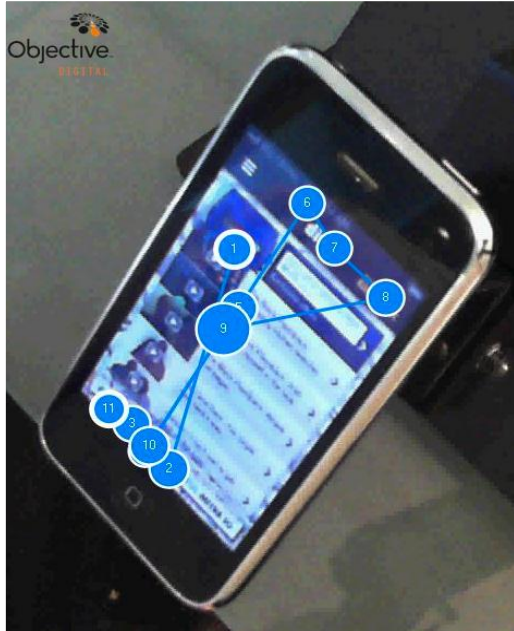
Full page ads on tablet felt less intrusive than on mobile phones, and more like magazine ads.

On tablets, ads were integrated *within* content, whereas on the mobile it typically felt like ads were *blocking* content.

Smartphone ads are looked at less frequently, but those 'looks' are longer and more engaged



7



1/4 of users noticed ads on **smartphones**

versus

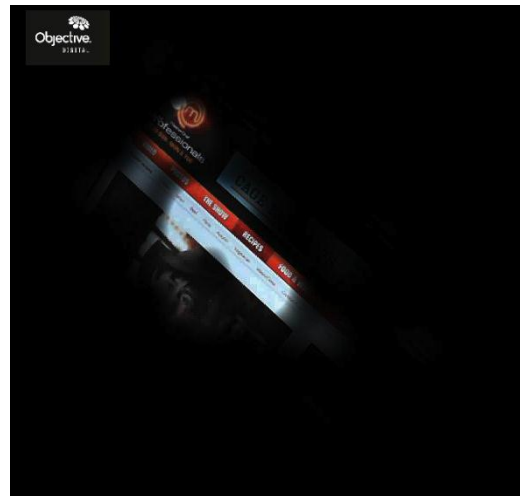
1/3 who noticed ads on **tablets**

On average, they looked at the ads on smartphones for **17%** longer

Ads to the right of content risk being overlooked as attention is paid to the body of content



8



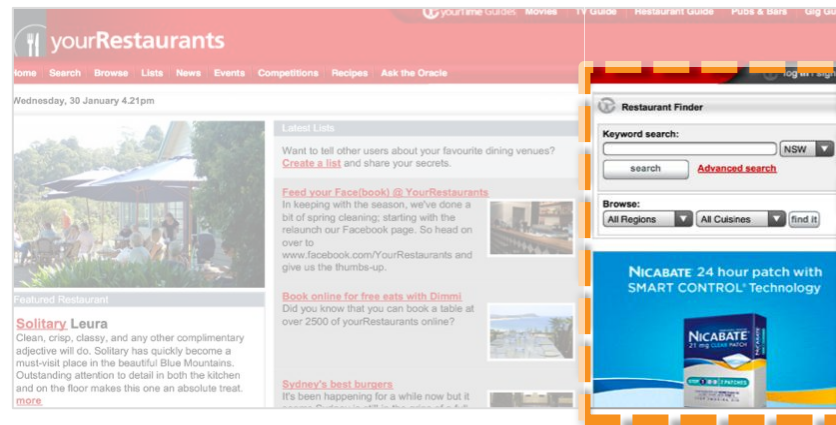
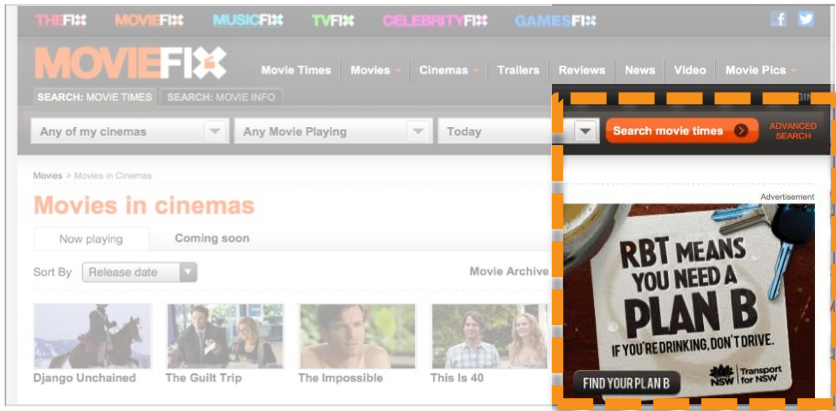
For tablets, heatmap and opacity images show ads on the right side being ignored.

People's attention is primarily focused on areas with functionality (e.g. content, search functions, navigation).

Ensuring ads on the right work involves anchoring them to functionality that users will need to seek out and use.



8



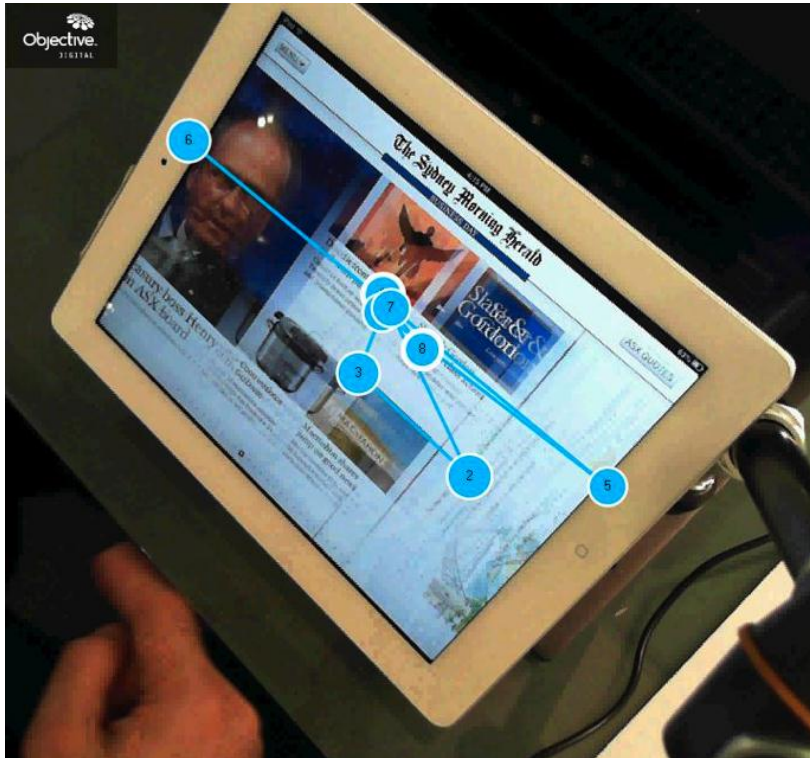
	Fixation Frequency	Total visit Duration	Percentage Fixated
Carsales website	2	.51s	3%
Masterchef website	1	0.13s	3%
MovieFix website	2.67	0.48s	10%
Ninemsn website	1.5	0.28s	7%
Weatherzone website	4.33	0.87s	10%
Your Restaurant website	21	7.74s	6%

People are more likely to notice ads on the right side if they are **anchored to a core function.**

On tablets, users typically concentrate across the middle of the screen: exploit this by positioning key messages in this path



8



Relevant for both advertising creative and for publishers in optimising layout.

Ads: ensure logos, taglines and other key content in is this path.

Publishers: ensure layouts place your priority content here

Lexus' ad in Motor Trend puts the key action in the natural line of sight



8

What is on offer:



Logo is clear and in context

52% viewed a gallery

Rich interactive content yields better results

9

Industry data analysis: Campaigns with engagement rates better than 2% all had rich, interactive components

A classic example:



- In-app advertisement to promote season 4 of Storm Chasers
- Banner expands on any tap, animated tornado interacts with screen content, including 'cracking' the device screen and activating the device's vibration function
- Engagement rate: 17%
- Uplift in intention to watch the show: +28%

The less work a consumer has to do, the more effective the ad

10

As with anything mobile, consumers want streamlined experiences

Objective: encourage users to try a product



Consumer experience

Expandable rich media (tap to expand, tap to play a game)

Rich media MREC (Tap to play a game)

Result

0.10% playing the game

7.9% playing the game

Implications

1.

Mobile and tablet apps are both effective at driving both recall and impact

2.

Critical to adopt the right format, for each occasion

3.

Key difference to consider is active vs. passive and the type of relevant, suitable creative

4

In summary



Summary and overall implications

1. The Australian consumer is highly engaged with smartphones and tablets and responsive to advertising

2. The industry is beginning to boom: greater creativity and measurement still required, but you will get out what you put in

3. Considering the context and situation in designing creative solutions is key to success