Mobile Advertising and Mobile's Position in the Internet Purchasing Experience

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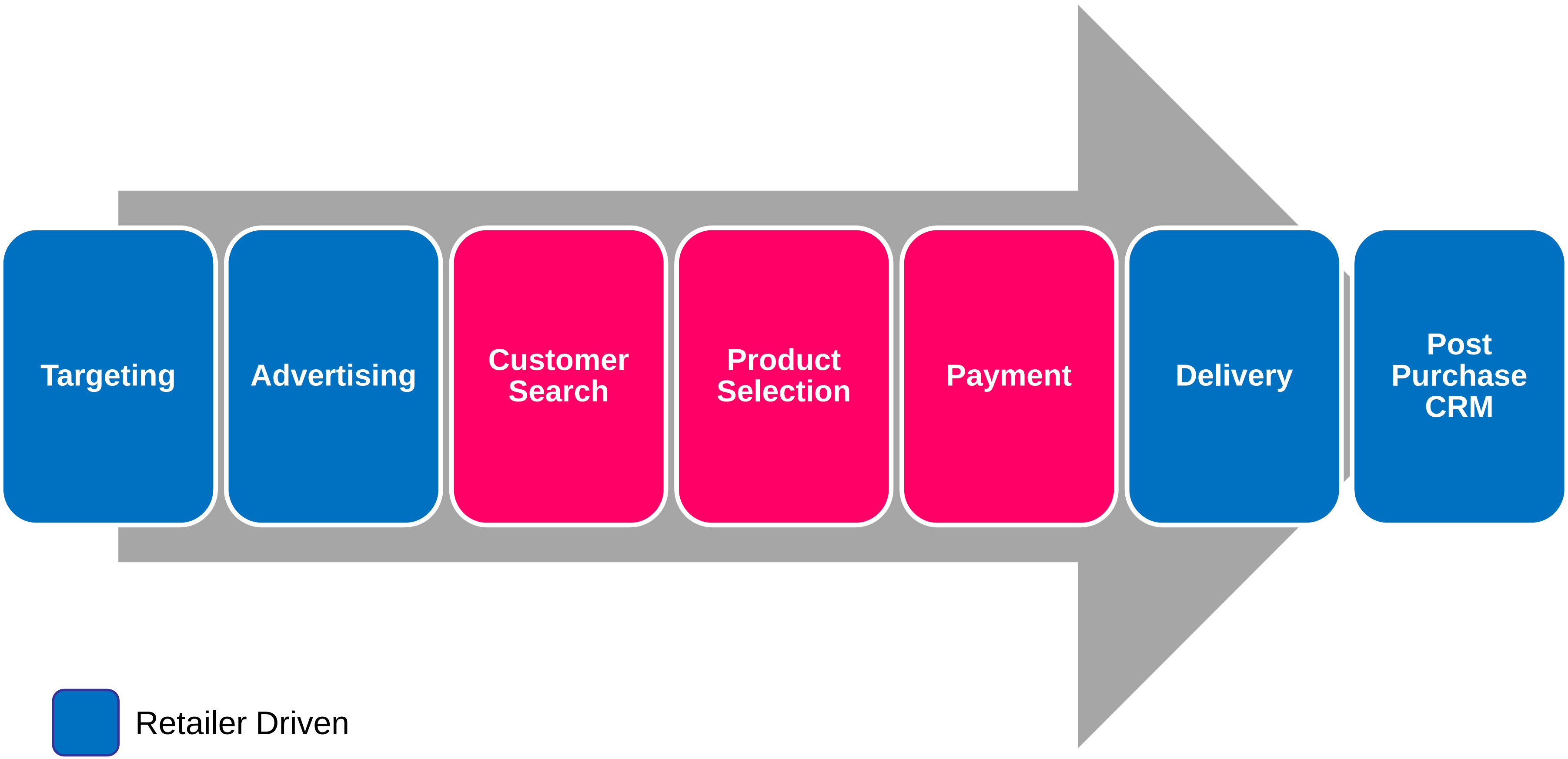
Internet Shopping

- UK shoppers spent £43.8 billion online in 2008 (IMRG/Capgemini)
- UK online ad spend reached £3.3 billion in 2008 (IAB)
- More than half of Internet users (52%) actively respond to online display advertising (Forrester/iProspect)
- 14% of Internet users that perform a search (having viewed a display ad) purchase a product or service. (Forrester/iProspect)

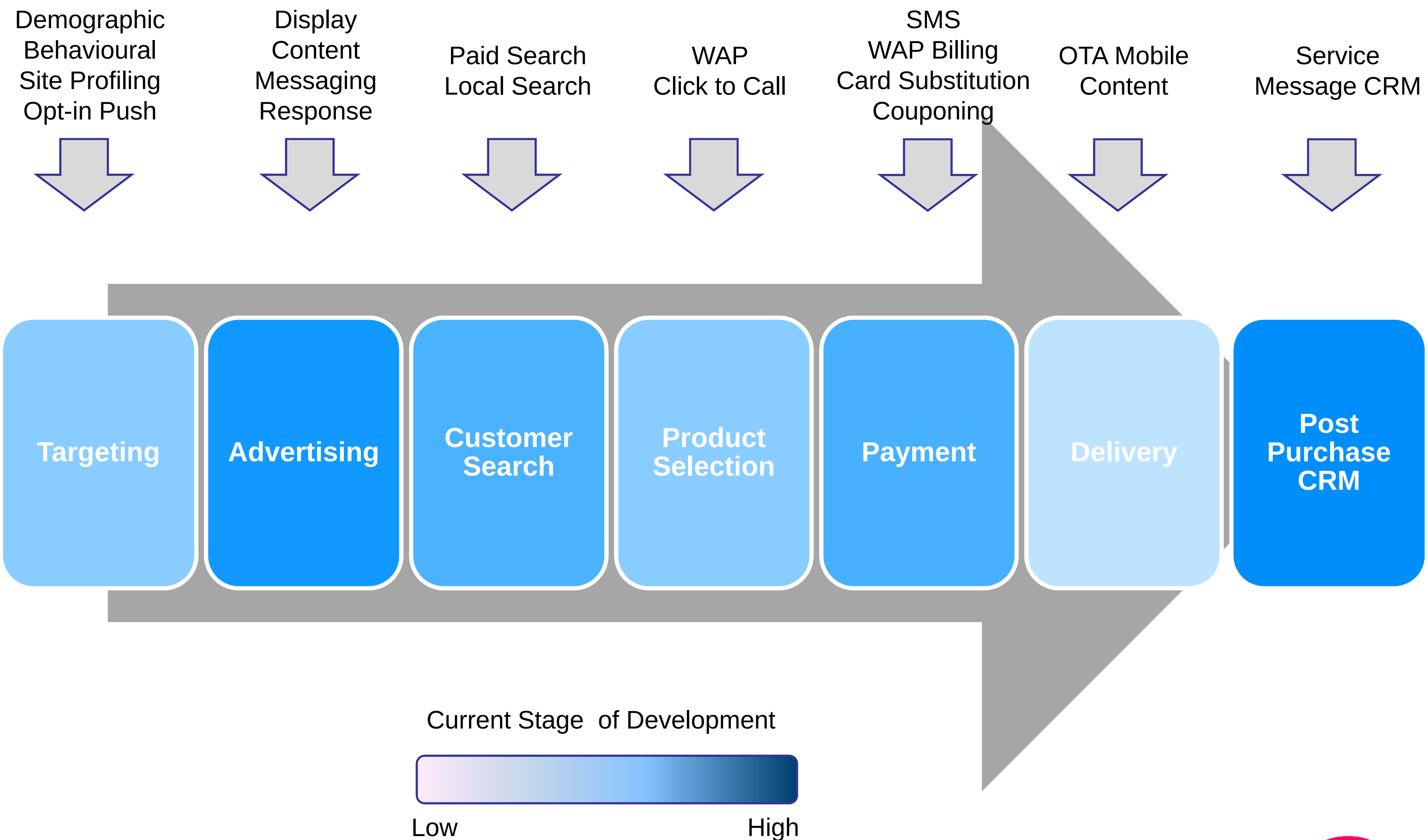
Simplified Purchasing Process



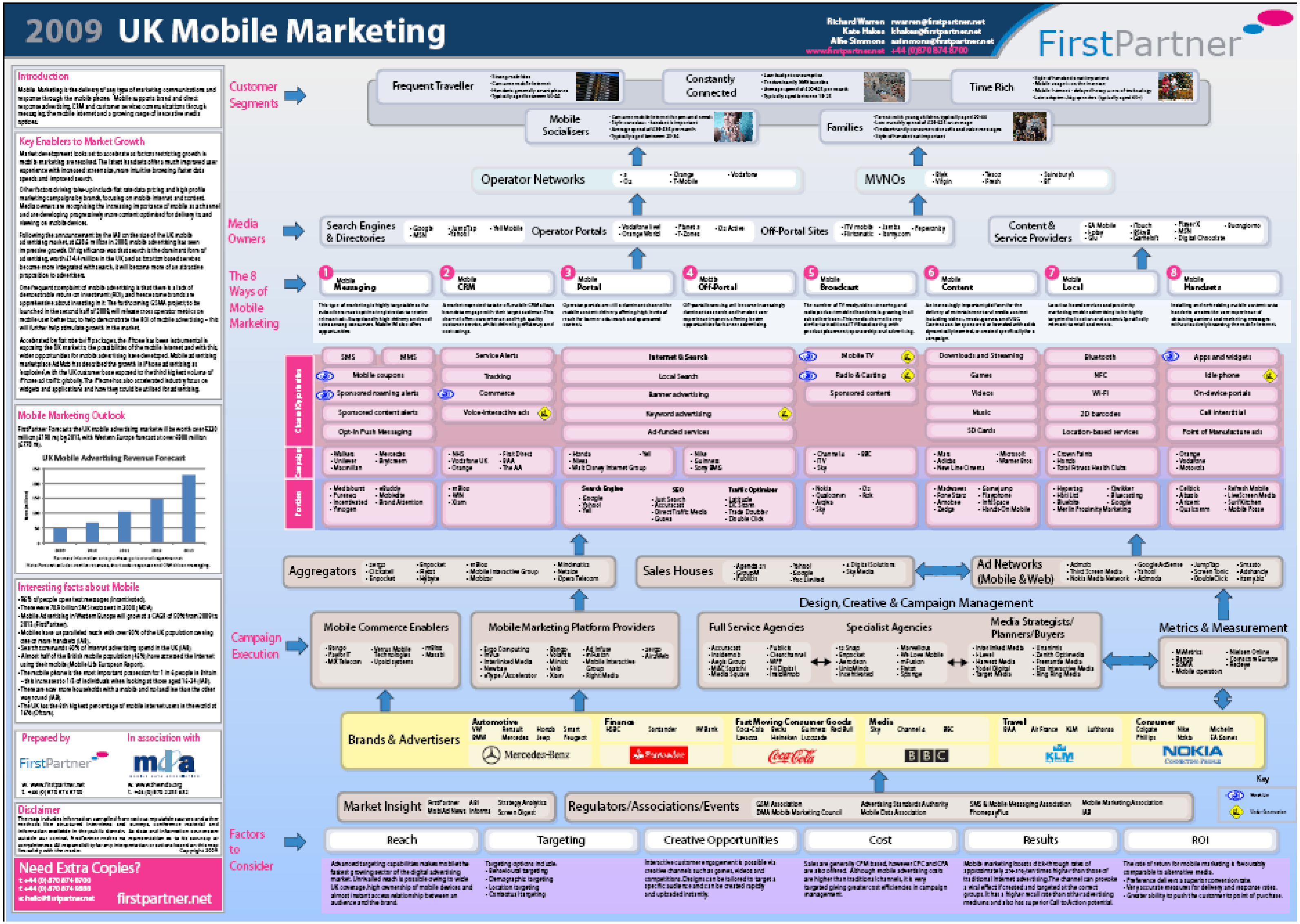
Retailer Driven

Customer Interaction

Where Mobile Plays



Mobile Marketing Landscape

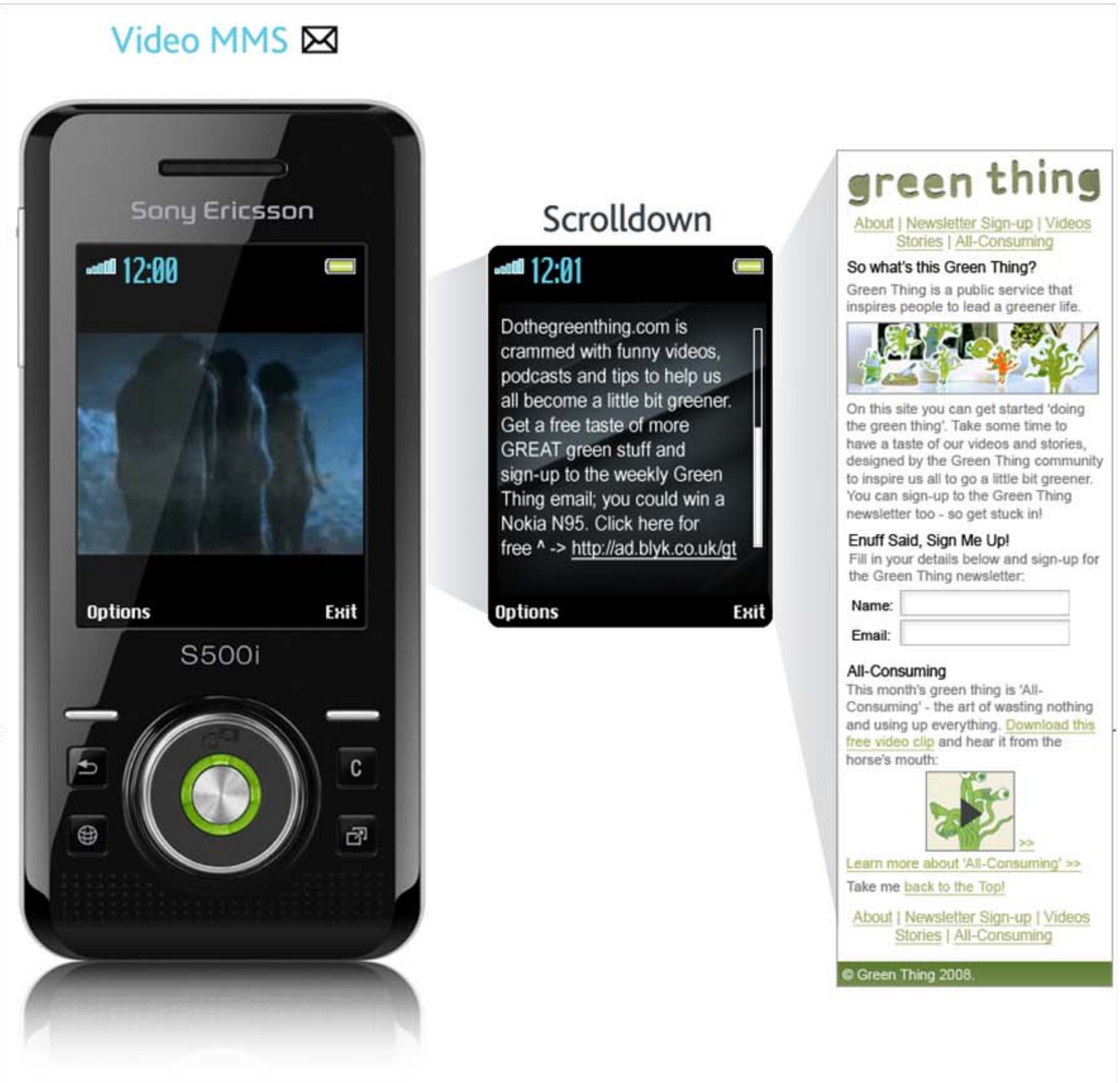


Mobile Advertising Is Maturing

- Specialist agencies and networks are established
  - WeLoveMobile: Creative
  - 4^{th} Screen Advertising: Sales
  - AdMob: Network
- Established players have extended into Mobile
  - AKQA Mobile
  - Yahoo, Google, Microsoft
- Operators developing increasingly sophisticated mobile ad services and sales teams to drive a viable revenue stream
- UK market in 2008 was worth £28.6 million (IAB)

Mobile Advertising Can Be Very Effective.....

Green Thing: changing behaviour through frequent, relevant dialogue



- A sustained, integrated programme of messaging built frequency through engagement
- WAP click-through increased from **5%** to **11%** to **23%** across the campaign
- Over **1,650** newsletter subscriptions (5.5%)
- Regular fresh content engendered a change in behaviour and opinion
- Long and emotive responses showed acute concern for green issues amongst 16-24s

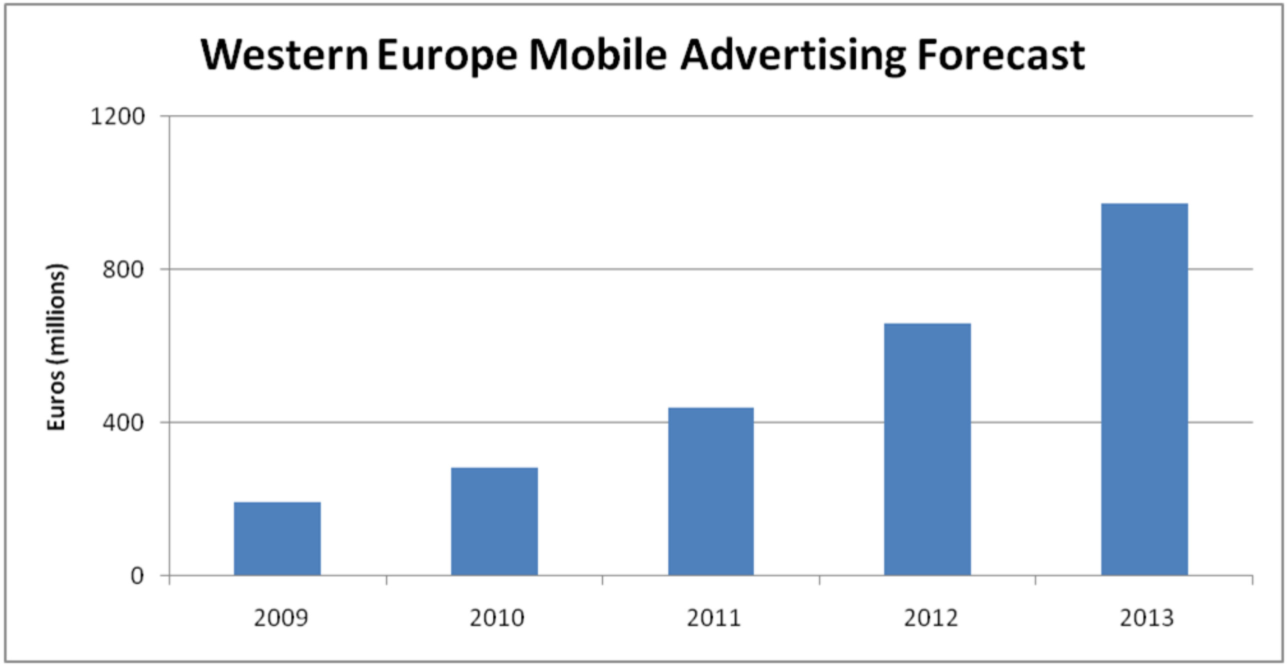
> *""The bottom line is that the campaign made a really significant difference to our user numbers - in particular our email sign ups… we are really pleased(!)"*
>
> **Sarah Matthews, Marketing Manager, Green Thing**

What is the Real Potential of Mobile Advertising ?

FirstPartner's Forecast

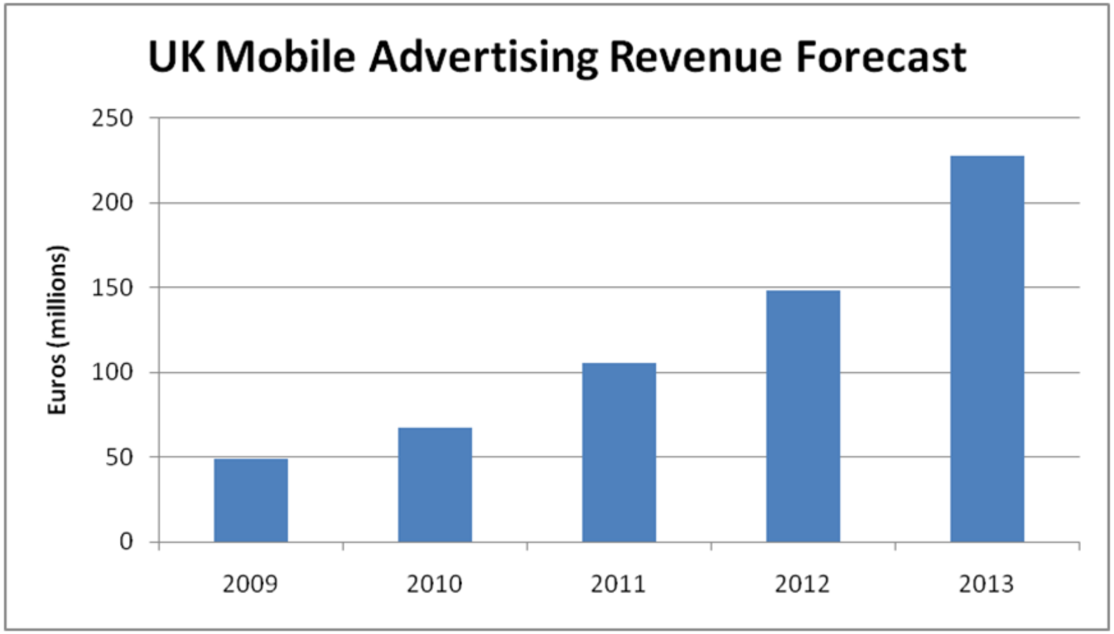
- This forecast covers all the major advertising formats for Western Europe from 2009 to 2013.
- Countries: Austria, Benelux, France, Germany, Greece, Ireland, Italy Nordics, Portugal, Spain and UK
- Formats: Search (Paid for Search Listings), Mobile Internet (Portal - Banners/Text, Off-portal - Banners/Text , Chat/Communities, Text Links/Sponsored Links, Sponsorship (on-portal) Sponsorship (off-portal), Mobile Apps/Widgets Store), Content (Mobile TV Video Games Music - Downloads and Streamed), Messaging Opt-in (MMS/SMS Push Advertising)
- The forecast gives insight into which advertising formats will offer the most revenue and the market opportunity for Operators and Agencies and others

Mobile Advertising Revenue Europe



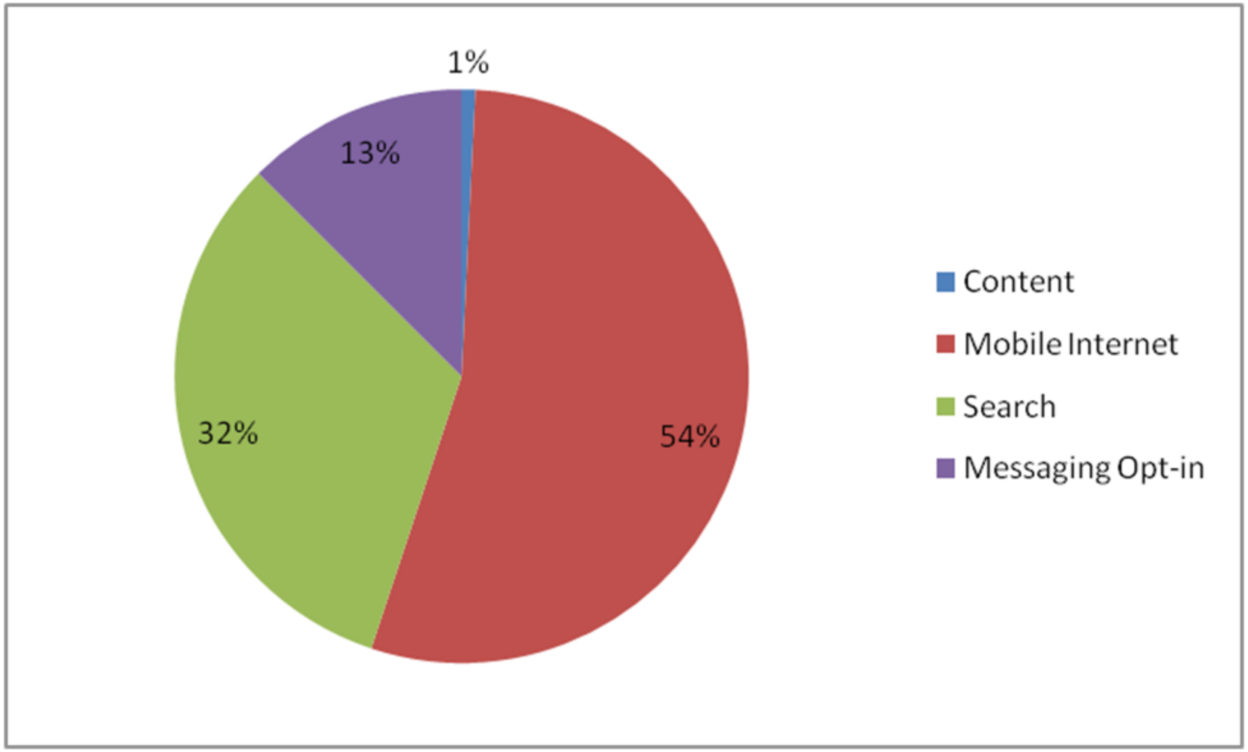
- Mobile advertising revenue will be worth over €950 million by 2013
- The Western European market will grow at a CAGR of 50% from 2009 to 2013.
- The leading country will be UK

Mobile Advertising Revenue UK



- UK mobile advertising revenue will be worth over €220 million by 2013
- The UK market will grow at a CAGR of 47% from 2009 to 2013.

Growth by Format



- Mobile Internet, is the largest format with 54% market share (2009)
- The largest growth will come from content at 95% CAGR from 2009 to 2013. (n.b. It's starting from a very low base)

Key Drivers

- In the foreseeable future mobile TV will struggle to establish itself.
- The increased use of mobile internet on smart phones is one of the biggest drivers of increased mob ad revenue.
- As mobile internet usage grows traffic will move off-portal
- Opt-in rates for push messaging will stay well below 10%
- Location Based Services will help the continued strong growth of search.
- As traffic increases sell-through-rates will rise
- As the economy recovers and mob ad increases in popularity CPMs will rise

Enablers

Encouraging use:

- Flat rate data plans
- Ease of use – “the iPhone effect”
- Compelling services – social networking

Growth in Formats:

- Applications and widgets
- Location based
- In Game, video etc

(Though banners and search will remain the big revenue earners)

Barriers to Demand

- Brands still wary of investing
- Lack of accepted evidence on ROI
- Agencies still to make investment
- Not yet a routine part of the media plan –
  - Lack of understanding
  - Targeting not proven
- Insufficient traffic to optimise targeting
- No industry standard metrics
- Perceived as expensive

Priorities for Operators and Agencies

- Education, education...........
- Clever sales
- Effective targeting and placement
- Prove the return to the client
- Case studies
- Get the metrics out there
- Industry bodies

....And Coming Back to Purchasing

- When will I buy my insurance through my mobile?
- Mobile needs to integrate the transaction – just like the web
- The components are there:
  - Click through and call back
  - Payment through operator bill (e.g. PayforIt, Payfone)
  - Couponing
- Customers need to feel comfortable
- Opportunity to focus around natural transaction types
  - cinema bookings, travel tickets etc

Established in 2001, **First**Partner exists to help its clients define and implement marketing strategies that maximise revenue growth and return on marketing investment. Our activities span the end-to-end proposition development lifecycle, and we work for clients in the technology and telecom sectors and beyond.

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