

SEMPO's Point of View on Mobile

KEY QUESTIONS

- What mobile channels are available to search marketers and which show the most promise?
- What are the prospects for search, particularly local search, on mobile devices, and how is the landscape changing?
- What steps can marketers take to effectively target and reach consumers using mobile?

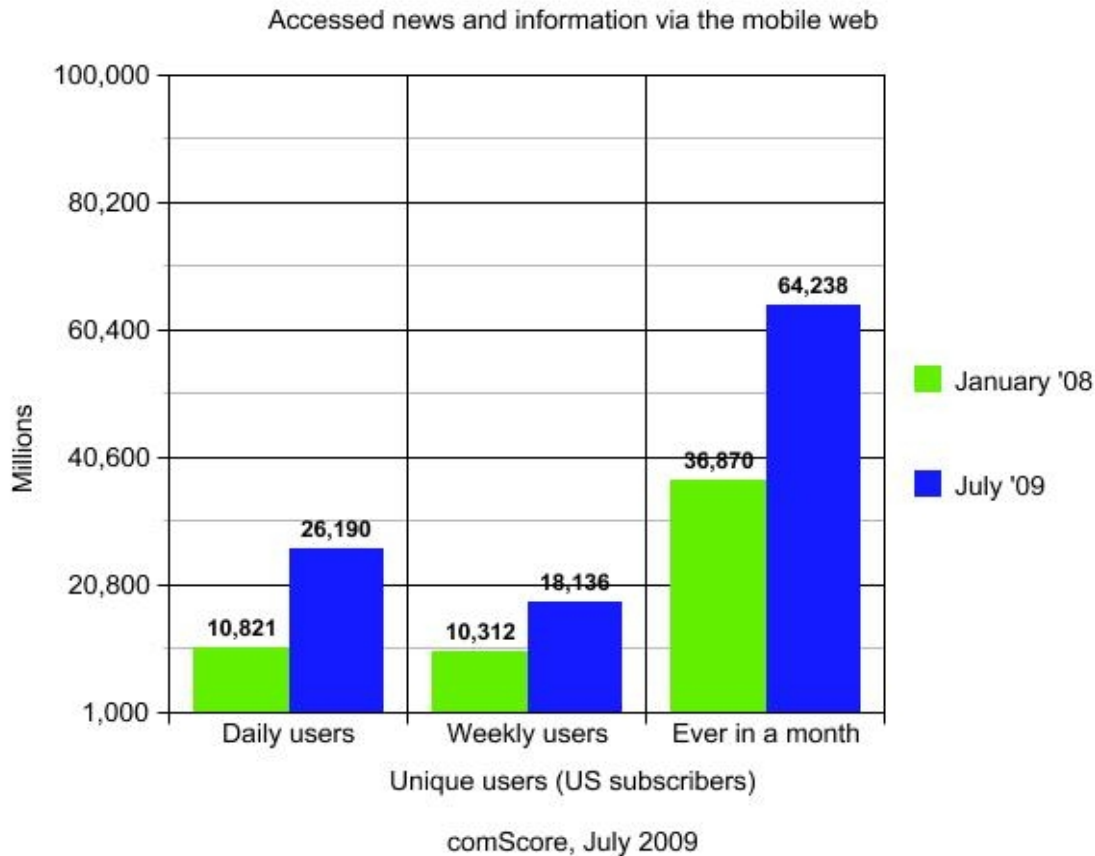
SEMPO's Point of View

Disparate hardware and software platforms, competing app stores and rival search engines make the mobile Web ecosystem more complex than the desktop environment. Putting the following key steps in place can help marketers achieve better visibility, more accurate targeting and more successful conversion than ever before:

- Create content designed around the specific wants, needs, and usage patterns of mobile consumers
- Redirect users to that content via SEO and paid search efforts calibrated to the smaller screen real estate available on mobile devices
- Complement these efforts with messaging-based, display and interstitial advertising

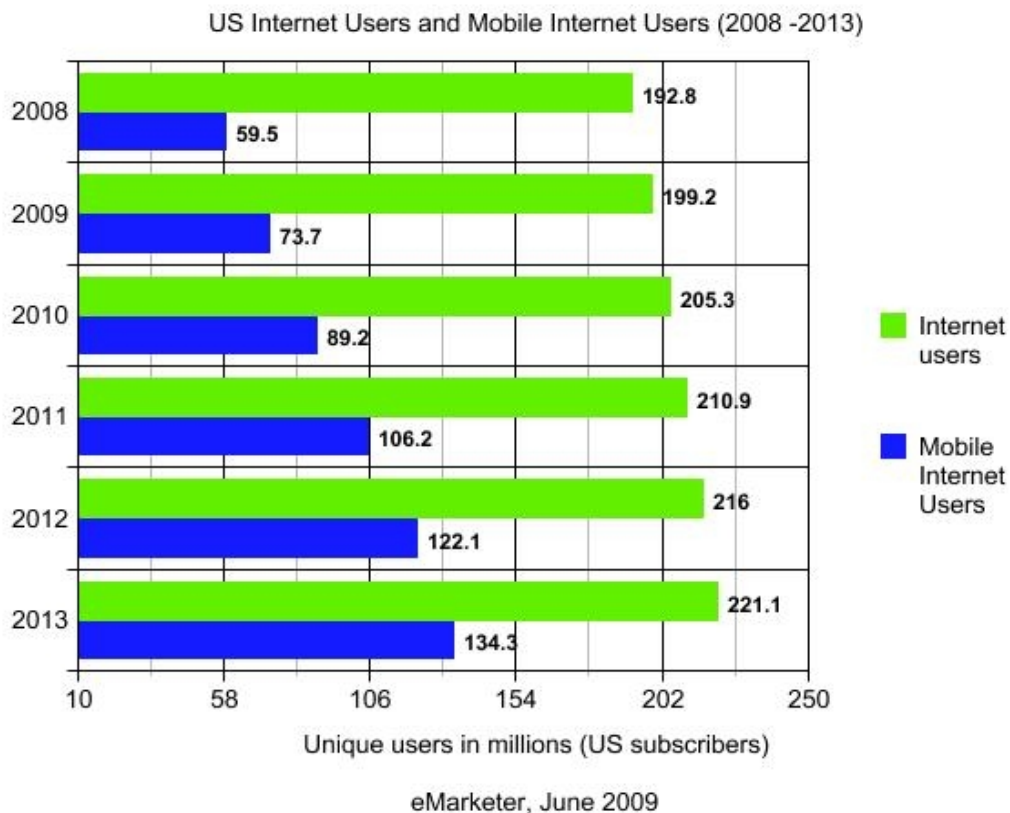
CONTEXT

Over 64 million US wireless subscribers surfed the mobile Internet in May 2009 – almost twice as many as in the previous year. This accounts for more than 20% of the total US population, 28% of US wireless subscribers and more than 30% of desktop internet users.

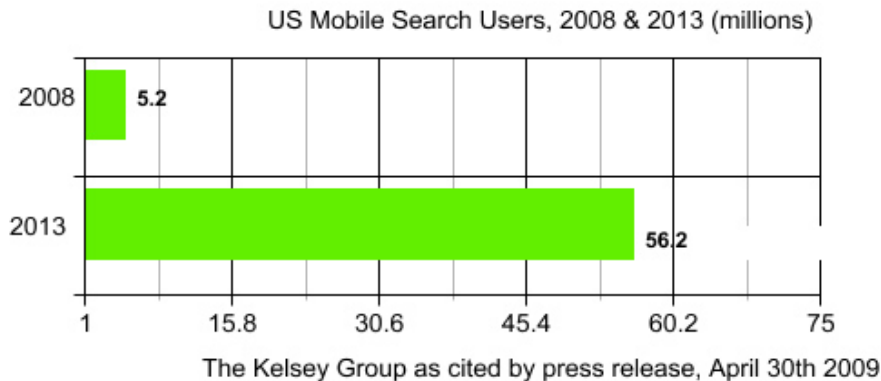


Figures from elsewhere around the globe are equally if not more impressive. Japan’s Ministry of Internal Affairs and Communication determined that 83% of the country’s mobile users accessed the Internet, and a Forrester Research study revealed that 55% of Japanese online consumers with mobile phones went online with their devices at least once a week. The China Internet Network Information Center measured nearly 118 million users who accessed the Internet from a mobile device at least one hour per week as of December 2008, constituting roughly one-fifth of the country’s 600 million-plus wireless subscribers. The Mobile Data Association observed 17.4 million mobile Internet users in the UK in February 2009, representing approximately 29% of the total population, while Forrester Research found that in the EU-7 (France, Germany, Italy, Netherlands, Spain, Sweden and UK), 24% of online adults with a mobile phone accessed the mobile Internet at least once per month as of the end of 2008.

With mobile Internet access growing at an accelerated rate, eMarketer expects the gap between desktop and mobile Internet users to narrow by the early part of the next decade. The projections below are for the US only, but they are illustrative of a global trend that promises very compelling opportunities for marketers.



What's more, these users are searching: according a recent study from ABI Research, over 70% of US respondents used their devices to conduct some kind of search in 2008, a 14% increase over 2007, and similarly high figures pertain to Japanese mobile users as well. Mobile search is on the rise across the globe: comScore found that weekly mobile search activity jumped by 50% across Western Europe from June 2007 to June 2008, and by 104% in the US during the same time period. The Kelsey Group predicts that US mobile search users will expand to 56.2 million by 2013, up from 5.2 million in 2008.



It is no wonder that digital media pundits are fond of calling mobile a search first, surf second medium. This designation will come as no surprise to anyone who observes the general context of mobile Web usage. People accessing the Web from a mobile device do so with specific, actionable purposes in mind – to find an item or location, to retrieve info or communicate with their social networks. The real-time context of mobile Web usage coupled with the enhanced behavioral, demographic and geo-targeting capabilities of wireless devices makes the medium a search marketer’s dream come true.

Tightening economic conditions have diminished earlier predictions of exponential growth, but mobile advertising still promises to drive considerable revenue in the coming years. PricewaterhouseCoopers’ “Global Entertainment and Media Outlook, 2009-2013” predicts that global mobile advertising spending will rise from \$3.8 billion in 2008 to \$9.2 billion in 2013. The US will account for approximately one-third of this spending, making it the largest single-country market for mobile advertising, followed by Japan, with the total EMEA region roughly analogous in size to the US. The payoff for marketers willing to experiment with mobile display, text messaging and search promises to be considerable.

Projections for search-related mobile ad revenue are equally promising. The Kelsey Group projects US mobile search advertising revenues will jump from \$39 million in 2008 to \$2.3 billion in 2013, with Western European mobile search increasing from €39 million (approximately \$55.4 million) to €2.3 billion (approximately \$3.3 billion) over the same period.

Unique in its ability to bridge the gap between the online and offline worlds, mobile lends itself well not only to direct response, ROI-driven efforts but also to brand reinforcement and awareness campaigns that rely on multiple exposures to a marketing message. Mobile Internet usage is also becoming more widespread as smartphones increase in popularity, a trend that sweetens the deal for marketers considerably. The

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expansion of 3G data networks and sophisticated mobile devices that can handle rich media and complex interaction is resulting in more active and engaged users – and a more receptive audience for marketers. Devices like the iPhone that offer a Web experience more closely akin to that found on desktop computers are helping to fuel the growth of additional mobile advertising opportunities, including search and display.

The SEMPO Emerging Technologies Committee has compiled this POV with the intent of clarifying what opportunities exist for search marketers in the mobile Web ecosystem and how they can best be leveraged. For the sake of clarity and consistency, the key phrases used throughout the POV are defined as follows:

Mobile marketing: Any type of marketing or branded communication that is meant to be or capable of being received or consumed on a mobile device.

Mobile device: Any handheld Web-enabled device that is meant to be portable and used on the go. Small screens and limited processing power are characteristic of many mobile devices. This definition does not include laptops, but includes mobile phones as well as Web-enabled GPS, MP3 players and mobile gaming devices.

Mobile Web: The Internet when accessed on mobile devices. This refers to content that is designed specifically for viewing on mobile devices or traditional Web content that is capable of being displayed on mobile devices. Increasingly, the mobile Web is simply the Web displayed on a mobile device.

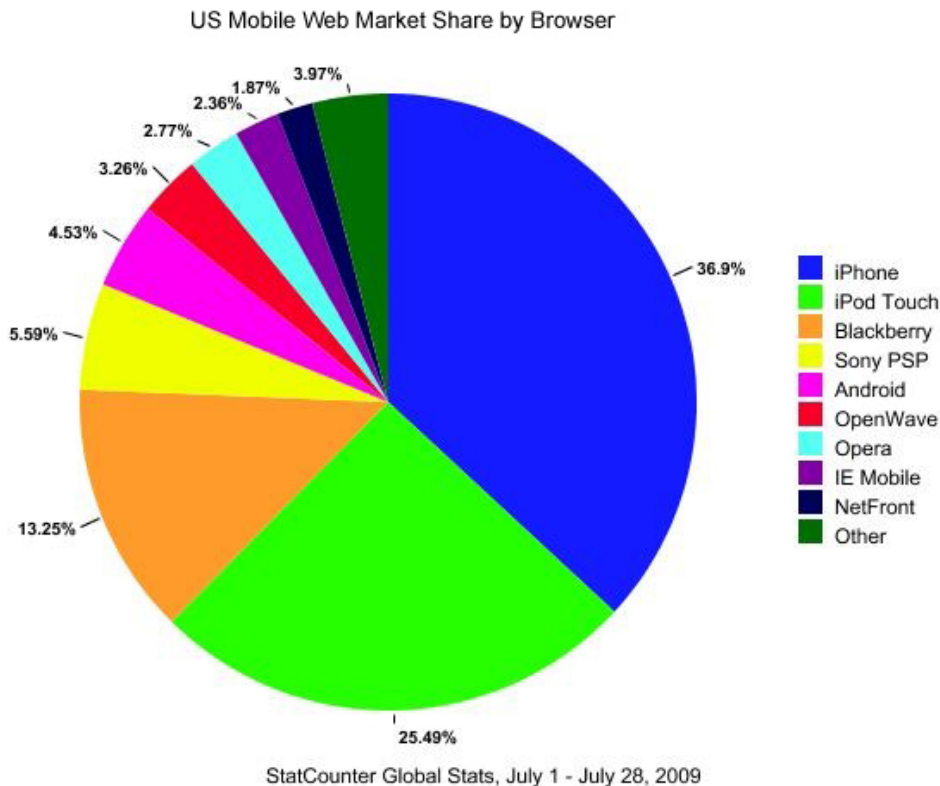
OPPORTUNITIES

As devices mature in processing power and their ability to render websites effectively, the viability of mobile as a marketing channel has increased. However, the multiplicity of platforms has made many hesitant to add mobile to their marketing mix. It is true that developing for mobile browsers poses unique device-specific challenges, especially as competing smartphone platforms emerge. For example, a site developed to take full advantage of the iPhone's Safari browser may not perform equally well on an Android device and vice versa. To further complicate things, sites designed for older, feature phone users (e.g. Motorola Razr) will render a lackluster experience for smartphone devices while sites designed for smartphones may not render on feature phones at all.

At present, approximately 15% of US mobile users own a smartphone. However, these devices account for a disproportionate 50% share of mobile Web traffic. As with many mobile-related activities, iPhone users, who represent only 20% of the US smartphone population and just 2% of the total mobile user base, according to comScore calculations, represent a significant share of this traffic. In the UK, comScore has

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observed a similar phenomenon, with iPhone users conducting searches at a rate nearly double that of owners of other smartphones, and nearly five times the rate of all mobile users, making it tempting to concentrate efforts on this one seminal device.



However, in much the same way that desktop search marketing is about more than just Google, mobile is about more than just the iPhone. Obviously, smartphone devices merit special consideration but smart marketers realize that each user counts.

MOBILE WEB SEARCH CHANNELS

On-Deck Natural Search

“On-deck” refers to any mobile Web activity that takes place within the confines of a wireless carrier’s content portal. Much like AOL’s walled garden of the mid-to-late nineties, these portals are set as the default Internet homepage for the majority of Web-enabled handsets. Scant data is publicly available as to what portion of the mobile Web user population restricts their activities to these closed environments. The common wisdom is that the on-deck model will eventually follow a similar course as popular online walled gardens, with users inevitably seeking the freedom and variety of the open mobile Web.

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Yet the wireless carriers are still a force to be reckoned with. The search indices they provide are populated with content that has been specially formatted for mobile users. Generally provided to the carriers on a white label basis by third-party aggregators, these indexes may provide a much smaller set of results than Google but the improved user experience, especially for owners of older feature phones (e.g. Motorola Razr) often trumps volume. Premium-caliber news, sports, weather, entertainment and financial content are also pushed to the forefront of the carrier portal experience with prominent links, making it easy to find the bite-sized, contextually relevant content so appealing to mobile users.

The on-deck model may well decrease in relevance over time, but the ease of use and quality of content these portals offer their users make them an essential element of the mobile ecosystem, and hence important for search marketers to understand.

Who Can You Reach?

Owners of feature phones (older handsets, incapable of properly rendering HTML) are likely to remain within the confines of the on-deck experience, assuming they surf at all. However, higher-end device users (a more enviable demographic for most marketers) also frequent on-deck content for quick and easy access to everything from stock quotes to sports scores. So while on-deck demographics do tend to skew toward owners of lower end devices, there are opportunities to reach a broad range of users.

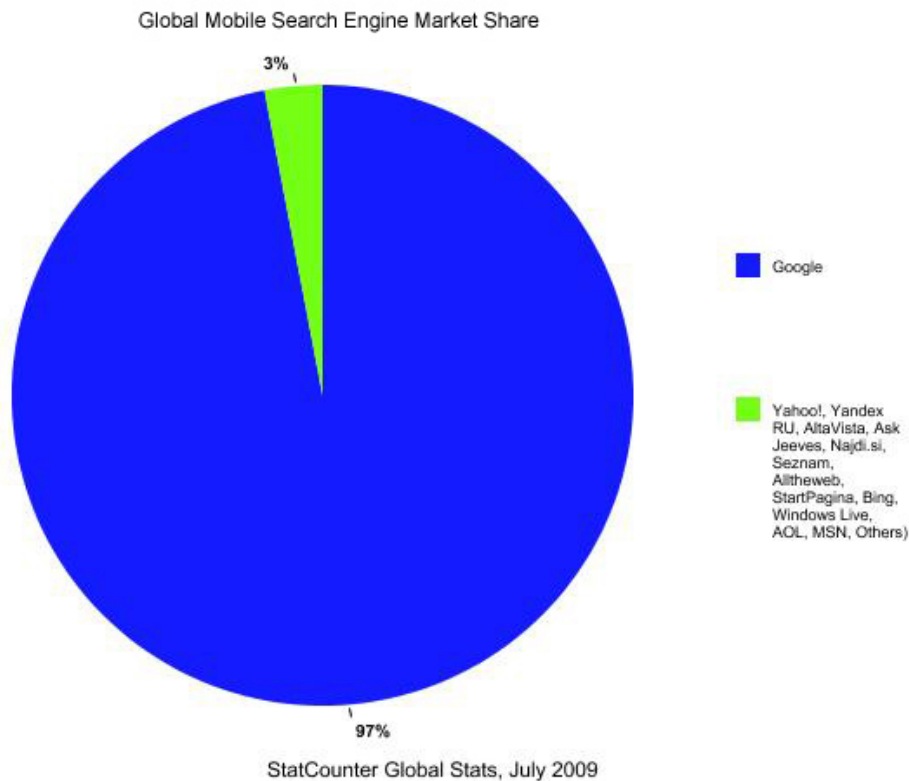
How Can You Reach Them?

While many carriers have begun discussions with desktop search engines, most outsource their on-deck search functionality and results to third-party vendors as part of a white-labeling agreement. All these operate somewhat differently but most offer an option to submit a site for inclusion into their "white list" for a chance to be included in search results. Brands with mobile websites have nothing to lose and potentially much to gain by submitting to these indexes. For well-known brands and popular content providers, opportunities also exist to create partnership agreements with the carriers for prominent placement in the on-deck ecosystem, either on a paid or revenue share model.

Off-Deck Natural Search

"Off-deck" refers to activities performed on the open Web where users can access their search engine of choice rather than resorting to operator-provided search, directories or navigation. In the early days of the mobile Web, many carriers restricted subscriber activity to their on-deck portals but today, subscribers increasingly have access to full Internet data services. Unsurprisingly, Google rules the global mobile search market,

owning 97% of traffic.¹



Consequently, natural search strategies for mobile have strong synergy with and are in many ways inextricable from the desktop. Google and the other desktop giants (Yahoo!, Ask, MSN) have extended their reach into the market yet the results they present to mobile users mirror desktop results almost identically. The paucity of mobile-specific content makes it impossible for them to serve solely mobile content to mobile users.

The good news is that the SEO efforts expended on a desktop site will carry over to the mobile Web. Achieving prominent visibility in desktop SERPs will most likely bring the same positioning in mobile SERPs, at least for the time being. Over time, it is certainly possible – even likely – that a mobile site may have an advantage over a desktop site competing for the same keywords. For now, however, a desktop site with established search equity will still enjoy a strong advantage over a new one, mobile or not.

Rank however, takes on a new premium in light of mobile's reduced screen real estate. Like the desktop, mobile SERPs present a default of ten results per page but on most

¹ StatCounter, July 2009

devices, a maximum of three search results appear above the fold. Simply appearing on the first SERP is not sufficient for marketers hoping to capture the mobile user.

The real stumbling block is what comes after the click. While many newer devices, most notably the iPhone, are capable of rendering full HTML, most desktop websites render poorly if at all in mobile browsers. Even the iPhone is unable to support certain common Web technologies like Flash and for mobile search users, who place a premium on quick and easy access to the content, desktop sites present a severe stumbling block. For brands intent on reaching mobile users, creating mobile-specific content merits serious consideration.

Who Can you Reach?

Off-deck mobile search spans a full range of demographics, much like desktop search, including high- and low-end device users, male and female, young and old. The only question is how to tailor one's approach. A simple review of desktop site traffic coming from mobile devices will reveal much about who the users are and how to target them.

How Can You Reach Them?

For brands that have chosen to develop mobile-specific content, detection of mobile users and redirection to device-appropriate content is a recommended best practice. Local content is especially relevant to mobile search, particularly with the advent of GPS-enabled browsers. As such, it presents marketers with an excellent opportunity to connect with in-market customers. The mobile versions of traditional Internet Yellow Pages (IYP) remain viable avenues for local marketing and have expanded their offerings to compete with the leading search engines. Business contact information, such as phone numbers and addresses as well as actionable information like daily specials, movie times and hours of operation are important elements to include in local listings.

However, the rise of blended search results, which include maps and coupons, just to name a few elements, provides marketers with additional ways to reach and engage with customers. GPS and geo-location behavioral targeting (GBT) promise to take mobile local search to the next level, through either traditional search engines or location-aware applications like [Loki](#) or [Urbanspoon](#), one of the most popular resident iPhone applications (or even mobile social location-aware applications like [Loopt](#)). Together, they will provide advertisers and publishers with necessary metrics and consumers with experiences that far exceed what is available today.

MOBILE ADVERTISING

Mobile advertising can be described as any form of advertising via a mobile device including text-based paid search ads, display, site sponsorship and interstitials. Though the market is undeniably smaller, its potential is exponentially greater. The single-ad convention of the small screen creates a powerful visual impact and the targeting capabilities of mobile ad networks – particularly those who partner with the wireless carriers and thus have access to rich subscriber data – make for campaigns that convert faster and at higher rates than the desktop. Mobile networks are reporting click-through rates of anywhere from 5% to 15% on campaigns, putting the desktop Web's average of 2% to shame.

Who Can You Reach?

In many countries, the most active mobile Internet users tend to be those with smartphones. For the three-month period ending in May 2009, comScore found that 70.3% of US smartphone users accessed news and information sites at least once per month and 36.1% did so daily versus an overall monthly average of 27.6% and a weekly average of 11.2%. According to comScore, these active users tend to be young males (ages 13 to 44) and females (ages to 13 to 34). Wealthier mobile users are more likely than average to have a smartphone with an unlimited data plan, increasing their ability and likelihood to undertake a range of online activities, and also making them better prospects for marketers. For example, comScore data shows nearly 40% of US iPhone and BlackBerry owners earn more than \$100,000 per year.

Among mobile subscribers in the EU-5 (France, Germany, Italy, Spain and the UK), iPhone owners are most common among 18-to-34 year olds, while BlackBerry devices predominate among a slightly older audience (ages 25 to 54), and although smartphones are not as prevalent in Europe as in the US, usage patterns among smartphone owners are similar. In the Asia-Pacific region, which has a longer history of Web-enabled mobile devices, smartphones do not constitute the same driving force of mobile Internet and data usage. However, as the iPhone and similar devices penetrate deeper into Asia-Pacific markets, it is likely that they will result in usage patterns and preferences analogous to other markets.

How Can You Reach Them?

For most marketers, mobile paid search will be the logical first step. Easily managed in tandem with desktop campaigns through AdSense, it enables marketers to test the mobile waters through a familiar and comfortable business model – one in which the pricing structure and process are much the same. Paid search is also offered by a

number of wireless carriers with the added benefits of technographic, behavioral and even in some cases geographic targeting.

Display, interstitials, site sponsorship and other more complex models are offered by the engines, the carriers and an ever-expanding ecosystem of ad networks. At present a cost-per-impression model dominates with CPMs hovering between \$10 and \$15 but CPC and CPA options are becoming increasingly available. As devices become more sophisticated, data becomes more affordable and mobile Web usage grows, the number of options available to marketers is sure to proliferate.

From a content perspective, research by Nielsen indicates that portals and e-mail continue to garner the largest audience share, with weather, news and search engines rounding out the top five. However, marketers should also consider the fastest-growing sites, most notably those in the social networking, health and fitness, shopping and food categories. Social network sites are already a well-established part of mobile users' online routine, while the other categories are starting from smaller bases.

MOBILE APPLICATIONS

Mobile search applications are an increasingly popular alternative to mobile browsing due to the richer user experiences and targeted results they can offer. Most major as well as some lesser-known search engines have created downloadable applications and these are important for marketers to be aware of since they often result in different behavior than traditional desktop and even mobile Web search. Optimizing for visibility on these downloadable applications may require additional keyword research to discover the most relevant queries and the applications themselves can frequently be used for this as they suggest popular queries within their interfaces. Since many of these apps are GPS-enabled and are often being used to retrieve location-specific information, they are especially promising for local search.

Who Can You Reach?

Users of downloadable applications are primarily smartphone owners, with the iPhone the leading device type. Application users are a desirable demographic for marketers, as noted in the Mobile Advertising section.

How Can You Reach Them?

Most if not all mobile search engines serve a mixture of desktop and mobile-specific content that appears to be ranked using the same SEO criteria as the desktop Web. Marketers seeking visibility via application-based search should concentrate their efforts on applying basic SEO best practices to their mobile and desktop content as well as

putting additional resources into enhancing location-specific information where possible.

KEY TAKEAWAYS

The complexity of the mobile Web ecosystem puts the desktop environment to shame: disparate hardware and software platforms, competing app stores and rival search engines make for a marketer's headache. However, putting the following key steps in place has the potential to yield better visibility, more accurate targeting and more successful conversion than ever before.

- **Create Usable Content:** While the original selling point of the iPhone and other smartphone devices was that they could support the full mobile Web experience, experience has shown this isn't always the case, as anyone who has tried viewing a Flash site on their mobile device will know. Brands that value their site stickiness and hard-earned search equity should create versions of their desktop Web content synthesized specifically for the wants and needs of the mobile user.
- **Cater to Your Users:** Over 5,000 mobile devices are in circulation on the world market and no one mobile site can cater to them all satisfactorily; mobile is not a one-size-fits-all proposition. Careful examination of a brand's demographics as well as the mobile device traffic to its desktop website will help define the types of content and devices to target.
- **Redirect Mobile Users to Mobile Content:** Marketers cannot rely on users remembering or worse, guessing at mobile domain conventions. To further complicate matters, search engines don't always give mobile content preferential placement over desktop versions. Promoting a single URL for both desktop and mobile and using device detection scripting to route users to the appropriate content are recommended practices for any marketer seeking visibility in this channel.
- **Extend Paid Search to Mobile:** Use your desktop paid search campaign as a test bed for building into mobile. Adjust bids and expectations based on the smaller screen real estate available on mobile devices, remember that mobile is about location, specifically where the mobile user is at any given moment and the specific behaviors and needs that accompany on-the-go Internet access and receptiveness to advertising messages.
- **Experiment and Refine:** As with search and other digital marketing formats, success in mobile will come from a process of experimentation and refinement. Mobile is flexible, offering marketers an easy option of extending the desktop search equity they have achieved in the medium, and providing enhanced opportunities for reaching target users through on-deck search. Moreover, the

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growing reach and targeting capabilities of ad networks means that marketers have the option of layering in display advertising that reaches a highly specialized audience, with the potential for far better ROI than on the desktop Web thanks to the single-ad convention that predominates in mobile.

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ADDITIONAL RESOURCES

Organizations

[Mobile Marketing Association](#)
[W3C](#)

Analyst Firms

[comScore Mobile](#)
[Current Analysis](#)
[eMarketer](#)
[Forrester Research](#)
[Nielsen Mobile Media](#)
[Ovum](#)

Websites

[FierceWireless](#)
[MobileCrunch](#)
[Mobile Marketer](#)
[MocoNews](#)

Whitepapers

["Best Practices and Guidelines for Location Based Services"](#) (CTIA–The Wireless Association)

["Deciphering Mobile Search Patterns: A Study of Yahoo! Mobile Search Queries"](#) – Jeonghee Yi, Farzin Maghoul and Jan Pedersen

["IAB Mobile Buyer's Guide"](#) (Interactive Advertising Bureau, July 2009)

["MMA Mobile Advertising Overview"](#) (Mobile Marketing Association, April 2008)