

## Research Article

Received on: 08/03/2016

Published on: 27/03/2016

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QR Code for Mobile users

Conflict of Interest: None Declared !

## Future of Mobile advertising in India: opportunities and challenges

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### Abstract:

Mobile in itself is becoming as a powerhouse of advertising medium, the immense and regular speeding up of smart phone's global impact providing a novel and electrifying avenue intended for advertising.

The main reason behind the remarkable growth in mobile phone advertising are raising number of Smartphone uses, 4G and 3G infiltration, which has resulted in more time spent on mobile devices, thus it provides an opportunities for enhanced advertising monetization through targeting ad inventory consolidation. As the advertising world shifting from an extremely patchy landscape towards one that is becoming more networked "Technological innovation has simplified buying mobile inventory at scale, enabling advertisers to better reach larger audiences across multiple publishers and advertising networks,"

This paper will examine the opportunities and challenges pertaining with mobile advertising and will provide a clear picture of future trend and potential for mobile advertising in India.

**Keywords:** mobile advertising, opportunities, challenges, advertisers.

## INTRODUCTION

### Advertising:

Advertising is paid communication that disseminates information about products, services or ideas with an aim to target a large of population at a time, to reach the masses the advertisers buy space or time in one or more media of mass communication such as radio, television, newspapers, magazines and more recently the internet. The aim of advertising is to increase the consumer base of an organization by communicating information about its products and services. This should be noted that for any promotional movement to be called advertisement it must be paid for.

Further, advertising as a promotional means also tends to recall, reinsure and manoeuvre the decisions of the customers as an advertisement itself informs, teaches, and convinces customers on their acceptability of the product offering.

Advertisement in print media (newspaper, magazines, billboards, flyers) or broadcast media (radio, television) usually consist of images, headlines, information regarding the product and occasionally a response coupon. Broadcast advertisement on the other hand consists of an audio or video story that can range from 15 seconds spots to longer segments known as

infomercials, which generally last 30 to 60 minutes. (Busari, 2002).

Advertisements are generally placed everywhere a spectator can easily and/or regularly access visual and/or video. (Busari, 2002).

### Mobile advertising:

Mobile advertising is a type of advertising via cell (wireless) phones or other mobile devices. It is a type of mobile marketing.

Some see mobile advertising as directly linked to online or internet advertising, however its reach is far larger - at present, generally mobile advertising is targeted at mobile phones, which came worthily to a worldwide total of 4.6 billion as of 2009. Especially computers, including desktops and laptops, are currently estimated at 1.1 billion worldwide.

It is apparent that advertisers and media industry will gradually take account of a greater and fast-growing mobile market, although it remains at approximately 1% of worldwide advertising spend. Though, such is the surfacing of this type of advertising, that there is now a committed worldwide awards ceremony organised every year by Visiongain.

As cell phones (especially smart phones) outnumber PC based internet users by over 4 to 1 and TV sets by over 3

to 1 and the entire laptop and desktop PC population by nearly 5 to 1, advertisers in several markets have recently rushed to this media. In Spain mobile phone users get ads about 75%, in France they get about 62% and in Japan they get about 54%. More surprisingly as mobile advertising matures, like in the most sophisticated markets, the user attachment also matures. In Japan almost, 44% of mobile phone users click on ads they get on their cell phones. Mobile advertising was worth 900 million dollars in Japan alone.

In 2013 "State of Mobile Advertising Report" by Opera Mediaworks, it is stated that mobile advertising is increasing worldwide at a speedy pace. Rich media ads are now averaging a 1.53 percentage click rate among users. In-App large banner ads are still trendier, but they are on the decline. "In July 2014 Facebook reported advertising revenue for the June 2014 quarter of \$2.68 billion, an increase of 67 per cent over the second quarter of 2013". Of that, revenue through mobile advertising accounted for approximately 62%, an increase of 41% on comparing the revenue through mobile advertising preceding year.

Innovation in wireless technology has given mobile gadgets a strong edge to advertising. The increase is driven by growing use of Smart phones and tablets for versatile use ranging from "communication to infotainment". As today mobile gadgets permit a higher level of interaction, top brands are increasing their dependency on them to advertise their products more aggressively. Some Non-Telecommunication giants such as Apple, Google and Facebook have amplified their magnitude in mobile ecosystem, with a leading U.S market share for smart phone and advertising services. The downhill pressure on Telecommunication's conventional business of voice and SMS services, and tough rivalry is creating a space for them to opt for non-conventional services such as mobile advertising.

The dramatic change in life style has also triggered this opportunity, varying consumer behaviour patterns, increasing usage of social networking and sophisticated mobile services.

### **Literature Retrospection**

With the advent of smart gadgets and technological advancement in internet services like 4G, 3G has spread the telecommunications market which leads to continuous increase in use of the mobile web or applications and competition among enterprises continues to intensify. The development of core network technologies such as Wi-Fi (wireless fidelity), hotspots, and Bluetooth were also important turning points in the growth of mobile advertisement industry. [1, 2], In order to promote their products and services assorted

businesses and organizations are making use of mobile marketing technique. The demand of such marketing tool is very high nowadays. It has become crystal clear that advertisers are enjoying huge profit by making best and optimum utilization of this tool for promoting their brand. Perhaps applications for the internet and mobile or smart phones are the greatest developing digital media tools today. Generally known as apps, these applications are now flooding smart phones and the internet. Advertisers should take benefit of the influence and fame of these apps. Leveraging digital media for brand promotion and business marketing means using and being active in all these digital resources.[3], the mobile ecosystem is becoming complex hence mobile advertisement businesses should seek targeted markets, the effectiveness of mobile advertising depends upon the attitudes and reactions from the customer who are being targeted and exposed to mobile advertisements and, they, in turn, directly affect the impact of these mobile advertisings [4, 5], the worldwide increasing accessibility of smart gadgets is a meeting path for the advertising, marketing and is a stage that contains advertisement applications and contents or exclusive hardware. It is right to say that it is the best communication tool which provides a platform for connecting an advertiser's brand to its customers. [6], Hence from the above version given by different scholars the importance of mobile advertising has become crystal clear.

### **Statement of the problem**

Smart phone users in India are increasing rapidly. According to CIA 2012, India with its 752000000 mobile phone users stands on 2<sup>nd</sup> position among the top ten countries with highest figures of smart phone users in the world. In spite of these facts the mobile advertisement has failed to draw the attention of marketers towards itself and still a large chunk of total advertisement expenditure is being spent on other media of mass communication such as television and radio.

### **Objective of the study**

The primary objectives of this research study are as follows:

1. To understand the potential of mobile advertisement in India the future ahead.
2. To find out the opportunities and challenges pertaining to mobile advertisement in India.
3. To find out the plausible solutions for overcoming the challenges and tapping the opportunities lies with the mobile advertisement in India.

**Importance of the study**

The present study will provide a guideline to the marketers for planning their advertising strategy i.e. allocating the advertising budget to the different media according to their viability. As the only constant in life is change so the advertising world cannot be remain untouched with these changes and mobile advertisement will be the future trend of advertisement.

**Methodology of the study**

Taking the objectives in account the study is focused on the expressive analysis of the fact, figures and data obtained from assorted secondary sources such as from various reports, journals, magazines, newspapers etc. and broad range of sources from various agencies responsible for telecom and broadcasting policies in India. as this research study is based upon secondary data hence the findings have its own limitations.

**Formats of Mobile Advertising**

- Display: Advertising which is viewed or read over a mobile phone (smart phone) including rich media and video advertising. This might be browser-based as well as in-app and it is known as display format of advertising.
- Search: Advertising which appears on a specific word requests on search engines, viewed over a mobile gadgets and it is known as search format of advertising.
- SMS/MMS: This type of mobile advertising includes 3rd party ads in SMS and outbound SMS only - this includes advertising either within the body copy of an SMS / MMS message, or outbound messaging and it is known as SMS/MMS format of mobile advertising.

**Effectiveness of mobile advertising**

The usefulness of mobile phone (smart phone) advertising can be measured in different ways. The key dimensions of measurements are “impressions” (views)

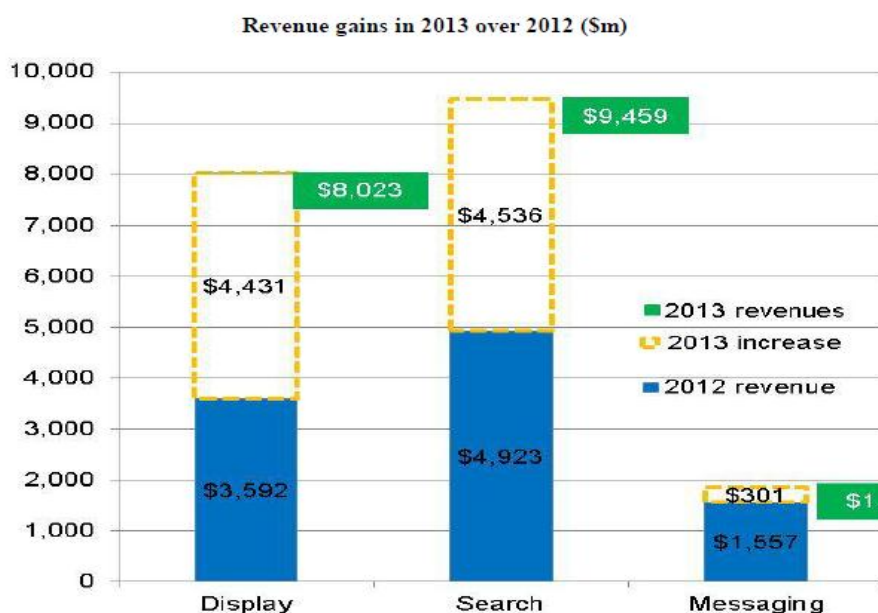
and “click-through rates”. They are also sold to the advertisers by “views (Cost Per Impression)” or by “click-through (Cost Per Click)”. Further dimensions of measurements include conversion rates, such as “click-to-call rates” and other dimensions of interactive measurement.

Mobile advertisement can run over a mobile web page or within a mobile application, which often referred to as in-App. One of the most popular mobile advertising models is Cost Per Install (CPI) whereas pricing model is based upon the user installing an App on their mobile phone. CPI Mobile Advertising Networks work either as incentive or non-incentive. In the incentive model the user is given virtual points or rewards to install the game or App.

**Mobile advertising: Global scenario**

According to “IAB Mobile Marketing Centre of Excellence, IAB Europe and IHS Technology their worldwide statistics for mobile advertising revenue which rise a huge 92% to \$19.3bn (€14.6bn) in 2013 in comparison to \$10.1bn (€7.6bn) in 2012, confirming the acceptance of mobile as an indispensable element of the marketer’s toolkit.”

Mobile display demonstrates the highest increase at 123.4%, and mobile search, up 92.1%, flourishes mainly driven by Smartphone infiltration as affordable data plans fuel location-based search-on-the-go. Messaging, itself up 19.4%, might not be sharing as much robust growth due to relocation from operator-owned messaging services (e.g. SMS and MMS) to optional platforms. Triumphant messaging innovation, mainly in Asia, reinforces the normally held industry belief that mobile players need to be ahead of the curve.



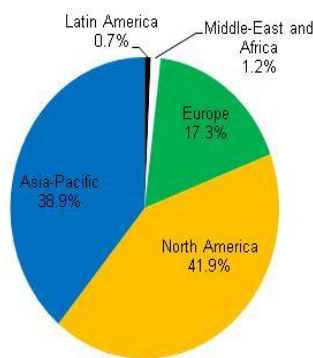
Source: Interactive advertisement bureau

Search still remains the leading part demonstrating 48.9% of the total worldwide mobile advertising revenue in 2013 at \$9.5bn, whereas display reaches at par with a 41.5% share at \$8 bn., and messaging gets a 9.6% share at \$1.9bn.

The region-wise share of the worldwide statistics of \$19.3m for 2013 is:

- Share of North America worldwide is 41.9% (\$8,100m)
- Share of Asia-Pacific worldwide is 38.9% (\$7,525m)
- Share of Europe worldwide is 17.3% (\$3,346m)
- Share of Middle East & Africa worldwide is 1.2% (\$225m)
- Share of Latin America worldwide is 0.7% (\$144m)

**Worldwide mobile advertising revenue in 2013: Region wise share**



Source: Interactive advertisement bureau

Growth year after year is strong across the spectrum and this growth is led by Latin America, which has seen huge 215% jump over the 2012 statistics. North America and Europe have also seen major growth:

- Latin America jumped 215% over the 2012 statistics.
- North America jumped 122% over the 2012 statistics.
- Europe jumped 90% over the 2012 statistics.
- Asia-Pacific jumped 69% over the 2012 statistics.
- Middle-East and Africa jumped 45% over the 2012 statistics.

“These powerhouse numbers directly reflect mobile’s rapidly increasing role as a vital part of the marketing media mix,” said Anna Bager, Vice President and General Manager, Mobile Marketing Centre of Excellence, IAB. “In particular, as mobile ad campaigns become easier to plan, create, buy, and measure – in great part due to programmatic strategies – these operational efficiencies are spurring the growth of the mobile display ad market. And, this impressive rise in mobile advertising is unquestionably a worldwide

phenomenon, with strong year-over-year upticks being seen in every corner of the globe.”

“The Global Mobile Advertising revenue study emphasises the importance and adoption of the mobile platform, both in Europe and globally,” said Townsend Feehan, CEO, IAB Europe. “Businesses of all sizes are now able to engage their customers via mobile and demonstrating a clear opportunity for publishers to take advantage of. However many publishers still need to hone their mobile advertising strategies and acquire mobile skill sets as growth has been largely driven through in-app and native advertising whilst the delivery of a qualified audience at scale with demonstrable campaign impact is still a work-in-progress in some markets.”

Generally the markets which are technologically advanced, and those that have concentrated mobile advertising, spend on very few players, have increased above average in 2013. Increasing Smartphone infiltration is expanding the addressable market and is inducing a shift from messaging to display-based mobile advertising formats, though messaging still have strong footprint in emerging markets. More basically, the pervasiveness of mobile uses has sparked a change in the mindset of marketers. Gradually, they come to realize mobile as a medium in its own with new creative, tactical and strategic opportunities.”

**Region wise mobile advertising revenues, worldwide, 2008-12 (US \$ mn.):** As the technology is changing mobile phone users are increasing hence the revenue of mobile advertising is growing worldwide.

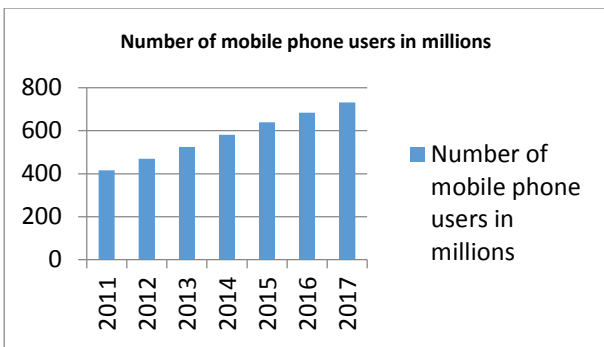
Region	Year		
	2010	2011	2015
America (North)	304.3	701.7	5791.4
Europe (West)	257.1	569.3	5131.9
Japan and Asia/Pacific	868.8	1628.5	6925.0
Rest of the World	196.9	410.4	2761.7
<b>Total</b>	<b>1627.1</b>	<b>3309.9</b>	<b>20610.0</b>

Source: Gartner (June 2011)

**India: some facts**

**Mobile phone users in India:**

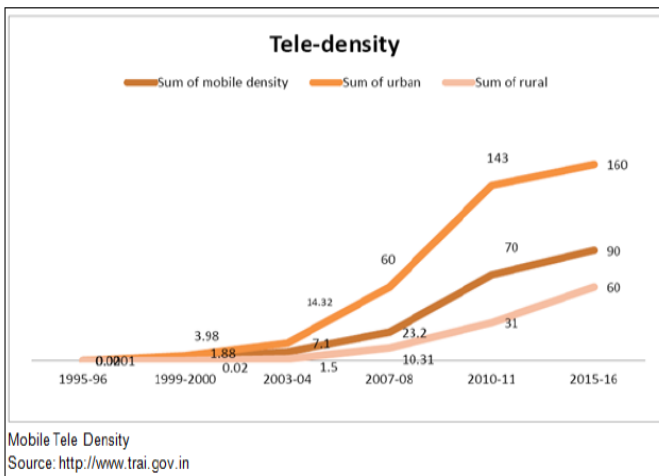
The graph depicted below shows the projected growth in the figure of mobile phone users in India, from the year 2011 to 2017. The figure of mobile phone users grew from below 420 million in 2011 to just below 525 million in 2013. It is expected that figure will reach more than 730 million by 2017.



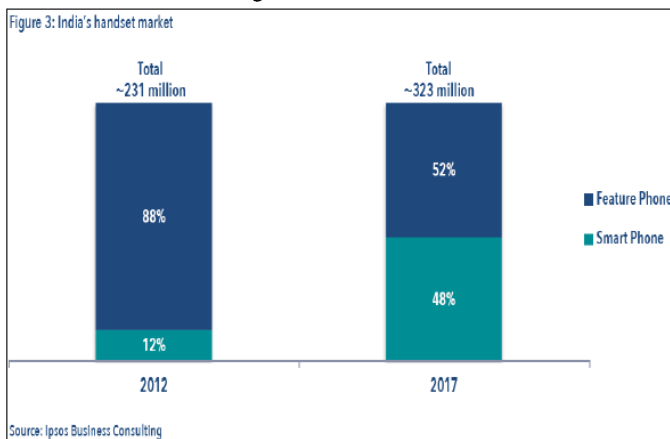
Source: Statista 2015

**Tele density in India:**

The graph shown below states the projected growth in tele density in India by 2015-16, from the below graph it has become crystal clear that per capita mobile consumption is increasing rapidly.



**Classification of Indian handset market:** From the above graph. It can be understood that trend of using smart phones are increasing which pose more potential for mobile advertising.



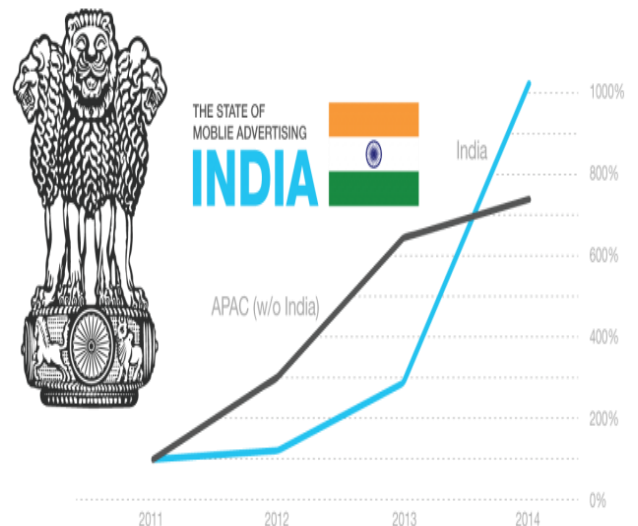
**Mobile advertising: India scenario:**

Mobile advertising size in India grew the fastest in the world, climbing a record 260% since July 2013, even as the larger Asia-Pacific region where ad impressions delivery rose 70% this year, emerged the fastest-growing region globally.

India has the world's fastest-growing Smartphone market. The ad traffic spike in India is on account of a transformation in the marketplace as mobile users shift

from less-capable feature phones to advanced smart phones, said the San Mateo, California-based ad platform, Opera Mediaworks, in its report titled State of Mobile Advertising released on Tuesday. Tracking device adoption, the report – the ad network's first study of the Indian market – said the Android platform has 41.7% market share in India while Apple's iOS has just 0.4%.

Opera Mediaworks' report said that both social sites and apps lead the mix of media types in advertising in India, consistent with global trends. However, India shows a significantly higher use of mobile app store sites, gaming and education sites. Interest in music and other streaming media sites are well below worldwide averages. Ads for games and mobile devices represented nearly half of all ad impressions, while classified ads accounted for 20% of impressions and mainly related to the direct sale of cars, motorcycles, trucks and bicycles. Most ads are simple banners but more sophisticated richer ads are emerging as a creative ad medium. These rich-media creative account for only 3.2% of impressions but over 26% of revenues.



Source: <http://www.forbes.com> source: graphic: Opera Mediaworks

The Indian audience for ads is predominantly young and male, Opera Mediaworks' report said. The 18-24 age group account for over 60% of all users while males make up 82%.

"The biggest trend that we identified was really about future opportunity," says Mahi de Silva, CEO of Opera Mediaworks, in a release. Mobile users are far more interested in categories like News, entertainment, business, finance and investing than the average Indian. "Given the high monetization we've seen from these categories on a global level, it's clear that both advertisers and publishers that can deliver rich user experiences on mobile sites and apps in those categories are going to be successful in India, as well," he said.

## Opportunities and challenges for mobile advertising in India

**1. Mobile Web:** The Mobile Web is a channel for delivery of web content, which offers and formats content to users in awareness of the mobile context. The mobile context is characterized by the nature of personal user information needs (e.g. updating your blog, accessing travel information, receiving news update)

**Opportunities:** Banner ads on Mobile Web sites Text ads on Mobile Web Sites Branded Mobile Web sites. Which will be beneficial for driving users to a Mobile Web site “Lead generation direct sales”

**Challenges:** Constraints of mobile phones (i.e. screen size, keypad input) and special capabilities (i.e. location, connection type such as 3G or WLAN).

**2. Mobile Applications:** Software or content that consumers download to or find pre-installed on their mobile phone and then resides on the phone. Examples include applications such as games, news readers and lifestyle tools.

**Opportunities:** Ad placement within applications (e.g., banners, “splash” pages) Branded applications beneficial for Branding/CRM Driving users to a Mobile Web site.

**Challenges:** Downloads are accessible only to consumers with appropriate mobile phones and data plans.

**3. Mobile Messaging:** This category includes SMS and Multimedia Messaging Service (MMS). SMS is available to virtually all mobile phone users and does not typically require a data plan or Mobile Web access, making it ideal for reaching most mobile users. While SMS is limited to contain text, MMS can contain images, audio and even video content. Most mobile phones sold over the past few years support MMS, making it an effective way to reach many mobile users. Interactive applications frequently use SMS with common short codes (CSC), which are four to six-digit phone numbers to/from which messages can be sent/ received.

**Opportunities:** Text ads (SMS, MMS) Branding/CRM (SMS, MMS) Banner ads, splash pages (MMS) Animated images (MMS) beneficial for driving users to a Mobile Web site Click to call Branding/CRM Interactive dialogue (e.g., voting, polling).

**Challenges:** Message has to be tuned for the mobile device constraints like mobile internet constraint, multimedia constraint and bandwidth constraint.

**4. Mobile Video and TV:** Video and TV delivered over a mobile network to the mobile phone’s media player. Videos may be downloaded or streamed and are usually accessed from a Mobile Web site or contained in an MMS message. Mobile video is accessible to consumers

with Mobile Web and mobile video enabled mobile phones and data plans.

**Challenges:** Mobile TV is accessible through mobile TV enabled phones.

**Opportunities:** Video ads in pre-roll, midroll or post roll. Static images, animation or video Clickable overlays Branded videos beneficial for branding/CRM Driving users to a Mobile Web site click to call click to buy.

**Other challenges are:**

1. A huge hurdle cited by mobile advertising firms is the lack of uniform technology among the operators. This makes it difficult to target consumers consistently across multi-channels like SMS, Outbound Dialling, Multimedia services, etc.

2. A combination of skittish consumers, lack of exclusive content and the high cost of internet-enabled phones and services is also a challenge for the growth of mobile advertising in India.

### Suggestions

In order to tap the future of mobile advertising following points need to be considered:

1. Regulation authority regarding mobile phone standards in India need to ensure that all the mobile devices must incorporate some basic features e.g. internet accessibility, sustain multimedia and should be mobile TV enabled.

2. The cost of internet service in India is costly which needs to be brought down so that internet could be made accessible to majority.

3. Though the 3G services has started long ago and in some parts of India even 4G has been launched but the internet services in India still not up to the mark hence the infrastructure pertaining to internet and mobile services need to be upgraded.

4. A uniform technology is needed to be developed among all the operators so that consumers consistently across multi-channels like SMS, Outbound Dialling, Multimedia services, etc can be targeted easily.

5. The cost of internet and mobile TV enabled phones should be made cheaper.

### Conclusion

As the statistics are projecting that in coming future three out of four users in the country are expected to access the net through a mobile phone, advertisers, publishers and mobile technology ventures have been agog in anticipation of high growth But with advertising spend lagging, it is scuppering the plans of many. Hence realizing the fact that future is of mobile advertisement a proper attention is required to be given. As the mobile advertising has the potential to take the advertisement industry to the next level.

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### Cite this article as:

Mohd Irfan and Ashwani Kumar Gupta. Future of Mobile advertising in India: opportunities and challenges. *Asian Journal of Management Sciences*, 04(14), 2016, 31-37.

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