

By Diksha Sharma

The past couple of years have seen an exponential increase in the amount of money spent by various brands on mobile advertising. As such, the share of mobile ad expenditure in the total digital ad outlay has been constantly increasing. As per a recent report by Strategy Analytics, the contribution of mobile phones in India's total digital spend on advertisements will continue to grow over the next five years and will account for 71 per cent of the total digital ad spend in 2023. This will put India at the top spot globally in terms of mobile advertising spend share. A report by Dentsu Aegis Network has pointed out that the mobile advertising expenditure is expected to grow from the current Rs 51.02 billion to Rs 167.18 billion by 2021.

A number of factors have contributed to this growth. These include the increased penetration of smartphones across the country, availability of cheap data tariffs enabling mobile users to engage in immersive content for longer durations and the development of a robust mobile application ecosystem, that offers numerous platforms for advertisers to reach their target audience.

A look at some of the key drivers of the mobile advertising industry, the trends shaping the sector, the challenges facing mobile advertisers and the way forward...

Key drivers

One of the primary factors that have contributed to the growth of mobile ad spend is the widespread and large-scale adoption of smartphones across India, facilitated by the proliferation of highly affordable, budget-friendly mobile phones. According to Counterpoint Research, Indian smartphone shipments grew to 37 million units during the second quarter of 2019. This, coupled with the decreasing cost of data, has resulted in longer duration of time being spent by people on their mobile phones. From shopping to watching movies to paying bills, almost all day-to-day activities are now carried out through smartphones. India is gradually becoming a mobile-first market and over the next couple of years it is expected to transform into a mobile-only market. As per recent industry reports, 3 million-4 million internet users will be added over the next two to three years, the majority of whom will come through the mobile medium. Given this trend, investment in mobile advertising seems to be an obvious and logical choice for various brands because the use of the mobile phones as a marketing medium offers the best possibility to reach out to the target audience through various platforms. Since the engagement time on these platforms is high, this can even offer a good conversion rate to these companies.

As per a recently conducted survey by MoMAGIC, a digital media company, 54 per cent of marketing and advertising decision-makers feel that mobile ads are more effective than those aired on other digital channels. Over 36 per cent of these decision-makers believe that better engagement levels are possible with mobile ads.

Trends in mobile advertising

Mobile video ads

Given the widespread adoption of smartphones and the emergence of advanced technologies such as 4G and VoLTE, the video viewing experience on smartphones has improved dramatically. This will further improve once 5G kicks in. As a result of enhancement in the video viewing experience, mobile video has emerged as one of the most lucrative options for advertisers in recent years. In comparison with other digital advertising methods such as banners, posters, messages, mobile video offers better engagement and conversion. In 2017, the consumption of mobile video ads in India increased twofold, putting the country at the sixth spot globally. Following this, in 2018, brand advertisers increased their budget for mobile video ads by 119 per cent. According to the InMobi State of Mobile Video Advertising 2018 Report, 31 per cent of advertisers prefer this format over others. With the emergence of various over-the-top (OTT) platforms and a sharp growth in the usage of these platforms, the country is expected to become the second largest video viewing audience globally by 2020. Given this growth potential, mobile video will emerge as the single most preferred advertising format and will make up for the majority share in a brand's ad spend.

Vernacular content

In order to effectively target the diverse consumer base in the country, advertisers have started exploring the vernacular content strategy while designing their marketing campaigns. Since the ad content developed under this strategy leverages the regional, linguistic and cultural aspects of a specific group of people, it enables brands to better connect with potential customers. Various OTT players are increasingly offering regional content to their users. This provides advertisers a great platform to connect with their target audience using the vernacular content strategy.

Location-based advertising

Mobile marketers and advertisers have started using location intelligence to provide location-based advertising. This strategy is helping advertisers connect to users efficiently and effectively, by delivering the right message at the right time and at the right place.

Challenges

Although the proportion of money spent by brands on mobile advertising has increased considerably and is expected to grow further, some bottlenecks are holding them back from leveraging mobile advertising to the maximum.

Ad viewability

In a world where the potential points of contact with consumers are infinite, ad viewability is one of the major concerns for advertisers. In addition, various factors such as ad load speeds, outdated ad serving technology and a lack of global measurement standards contribute to the problem of ad viewability. Thus, it is imperative for advertisers to ensure that the platforms where they put up their ads have good user engagement. Advertisers also need to make sure that advanced technologies are used in their ad campaigns.

Ad fraud

Ad fraud basically involves corrupting the advertisement by placing a fake link. While ad fraud has existed since the beginning of online advertising, recent years have seen a sudden surge in ad fraud incidents. According to a recent InMobi report, India is among the top 10 countries affected by ad fraud. One of the factors responsible for this is the lack of advanced security measures across the ecosystem for fraud prevention. Due to an increase in ad frauds, the potential ad revenue from legitimate apps has been dwindling. However, as per industry experts, the deployment of blockchain on mobile ad formats can address this problem.

Creation of mobile-specific ads

As mobile engagement of people is growing, advertisers are being pushed to create mobile-specific high quality creative advertisements. In a lot of instances, the existing advertisements of a brand cannot be plainly replicated on the mobile format. It is therefore important for advertisers to adopt a mobile-first strategy while developing ads. Several mobile-specific factors have to be taken into account such as the duration of a mobile video ad, which cannot exceed 6-7 seconds.

The way forward

Challenges notwithstanding, the opportunities in the mobile advertising space will grow by leaps and bounds in the future, especially with the rise in smartphone adoption. In addition to providing a high return on investment to advertisers, mobile advertising will create several revenue generation opportunities for OTT platforms and various application publishers.

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