Online Mobile Display Ads
Take a dip in the mobile waters: Exploring the sea of mobile display ads

Online advertising, also known as Internet advertising, is hardly the new kid on the block. Companies have implemented online marketing strategies for years, mainly because it provides a sea of opportunity to increase your customer base and grow revenue. Thanks to ever increasing changes in consumer behaviors and trends, online advertising is a moving target, constantly adapting. The idea is to reach customers where they spend the most time and adjust your marketing strategy accordingly. Let’s face it; consumers are spending less time sitting at their desks and more time using mobile devices for just about everything. Did you know globally, the number of people who own cell phones now exceeds the number of people that own a toothbrush?1 Most people check phones every few minutes, providing marketers with unprecedented opportunity to reach customers unlike ever before. So, does your online strategy extend to the mobile world? Are your marketing efforts reaching mobile customers?

If mobile display advertising isn’t part of your overall online marketing strategy, then the answer is no, you aren’t reaching as many customers as possible. In the past few years, the use of mobile devices has skyrocketed, and chances are, most of your existing or potential customers use some type of a mobile device more than anything else. In fact, research shows 90 percent of people switch back and forth between using tablets and smartphones when accomplishing a task.2 For example, a customer may search for information on a smartphone but choose to make a purchase on a tablet with a larger screen. For this reason, reaching customers through mobile devices is more important than ever, and requires companies to change the way they think and redefine marketing strategies.3 In some ways, it can make a difference as to whether your marketing efforts sink or swim.

What’s the difference between online advertising and mobile advertising? Online advertising is essentially when a company uses the Internet to deliver promotional marketing messages to consumers. It can include email marketing, search engine marketing, social media marketing, and many types of display advertising. In addition, it typically contains text, logos, photographs or other images, location maps, and similar items.4

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Mobile display advertising is a subset of an online marketing strategy—one that's quickly becoming necessary to reach a wider pool of customers. In simple terms, mobile display ads are those that are optimized specifically to enhance viewing on a mobile device. Generally, mobile display ads have less text because they are smaller and require a condensed message. They often have a call-to-action to engage customers immediately and deliver messages that are short and to the point. You might see mobile ads when you access apps or conduct searches on your smartphone or tablet. Or, mobile ads might be presented directly to the customer depending on customer location and preferences.

Many advertisers acknowledge the fast-growing mobile environment and are expanding marketing efforts to include mobile opportunities. Accordingly, the market has seen a significant shift in ad dollars to mobile display advertising because it enables a greater reach. Yet according to Forbes®, companies spend $20 billion annually on online ads and digital media, but often fail to get the most from their investment. And let's face it, if an advertisement isn’t seen by the intended customers it’s really a pointless exercise, costing you time and money. The key is to develop mobile display ads that give you a competitive edge while increasing brand appeal and loyalty.

This Blue Paper® will explain the basics of mobile display advertising, and explain how and why it is one of the fastest growing marketing opportunities. It will also summarize the changing landscape of mobile and explain user behaviors and trends. So don’t jump into the pool just yet, there’s a lot to learn and certain elements should be in place before you explore deep waters. But armed with knowledge on how to use mobile display ads, you can become an expert swimmer. So leave the life vest behind; by the end of this paper you won’t need it.

An ocean versus a lake:
Online versus mobile advertising

As noted, online advertising is when companies develop advertising and marketing efforts that use digital channels to drive ecommerce sales, improve leads and promote behavioral conversions. Think of the types of ads users might view from a desktop at work—in this scenario, online advertising can be a highly effective way to augment your brand and sales. In addition, Internet marketing and online advertising efforts are often used in conjunction with traditional types of advertising like radio, television, newspapers and magazines.

So what, exactly, is mobile display advertising? It’s not as big as the ocean, but it’s still a sizable body of water when you consider marketing channels. As mentioned, mobile marketing is a subset of Internet marketing, targeting strictly mobile phones, apps and devices. Generally, mobile ads share the same message as an online marketing strategy, but they are created explicitly for mobile devices. It’s about developing ads for apps, messaging, mobile commerce (mCommerce), gaming, and customer response management on all mobile devices, including smartphones and tablets. In the most basic terms, mobile is another medium for marketing efforts to improve sales and revenue. And since research shows that more than 80 percent of mobile users spend time accessing apps, it’s not surprising that a joint study issued by the Mobile Marketing Association® (MMA®) and Neustar®, Inc. found that a staggering 85 percent of marketers believe that mobile is a gateway to new markets and audiences.6 7

Mobile marketing has caused a tidal wave in the marketing and consumer landscape. Figure 1. provides a glimpse into the consumer shift that is taking place between PC, mobile, tablet, and mobile-only access.8 As shown, in even a relatively short period, mobile use increased by 5 percent while PC-only access declined. At the same time, mobile access continues to increase at astonishing levels.9 If you still aren’t convinced, you can obtain monthly snapshots of digital audience trends from the UK-based company comScore®.

Figure 1. The increasing mobile trend

Platform Split in Retail: July vs. December
Multi-Platform use in retail grows, despite a decline in this trend for web as a whole

![Platform Split in Retail: July vs. December](image)

This increase of mobile advertising is not altogether surprising, considering the rapid pace in which mobile devices emerged. Today, it’s more common to use mobile devices for things like checking email or surfing the Web. And since 4.6 billion people have mobile phones, if you’re not tapping into a mobile audience you’re literally missing out on the ability to influence millions of potential consumers. Compare this to the fact that only 1.1 billion people worldwide have access to desktops and laptops, and you’ll understand why you’ll have a much greater reach when you go mobile. The general sentiment of this trend is that users should go mobile or go home.

Because mobile display advertising is rapidly growing, marketers should reevaluate their online and Internet marketing strategies. At many companies, where a mobile strategy has yet to be defined, mobile advertising accounts for only 1 percent of global advertising spend, but experts believe this number will drastically increase in the next few years. In 2013 alone, mobile display ad spending grew by 23 percent globally. According to data from 2011, spending on mobile display advertising will reach $1.2 billion by 2015—that’s triple the $313 million that was spent in 2011.

In truth, the efficacy of mobile ads cannot be denied. Research shows that 82 percent of smartphone users notice mobile ads and 42 percent of users click on mobile ads they like. Of those, 49 percent make a purchase, 35 percent visit the advertiser’s site, and 27 percent make a call the business. And since a large majority now uses mobile devices for shopping, mobile advertising makes more sense than ever.

In addition, engagement rates with mobile devices are much higher than traditional methods online. Research shows a 3 percent engagement rate with mobile ads that prompt consumer engagement. Compare this to a 0.1 percent click-through rate for other forms of advertising and you’ll understand why companies are increasing mobile efforts. Some experts even go so far to say that in the future, most advertising will happen in the digital world. To access more statistics on the mobile phenomenon, review Google’s Mobile Movement: Understanding Smartphone Users survey.

16 http://www.forbes.com/sites/roberthof/2014/02/27/mobile-first-is-dead-says-google-display-ad-chief-neal-mohan/
Don’t get caught in the tide: Navigating the waters

As noted, mobile use is at an all-time high and the trend is expected to continue in the foreseeable future. Multiple studies show that the majority of smartphone users are rarely less than five feet from their phone. On average, consumers spend 144 minutes daily engaged on their mobile phones. Meanwhile, a Google study released in 2011 found that 95 percent of people looked for local information on a smartphone, and 9 out of 10 users took action based on the results. Smartphones are frequently used while shopping—Google research shows that 49 percent of mobile shoppers compare prices while browsing and 44 percent read reviews on products that are advertised on mobile devices.

What does this mean to advertisers? It means that there are unprecedented opportunities to access customers and expand customer reach when and where they need it.

Not surprisingly, mobile access has shifted customer behaviors. It changes the way we work, shop and travel. But it’s important to understand how and why behaviors are changing so you can keep up with relevant trends. In other words, how is user behavior changing and what kind of impact does this have on marketing efforts? How can your mobile strategy accommodate the changes in user behavior and expectations?

Have you heard of the second screen phenomenon? It refers to the use of a computing device (e.g. tablets, smartphones) while engaging in another activity, such as watching television. Thirty-three percent of smartphone users access their phones while watching television and 22 percent use it while reading a newspaper. Another study found that 55 percent of smartphone-owning adults use them while driving, 35 percent while in a movie theater and 33 percent while on a dinner date. Many times, they are searching for promotions, offers or coupons. Perhaps they want to find a restaurant nearby after they see a movie or find a place to shop. This is what is called the “new smartphone consumer” and mobile display ads have the potential to entice consumers as they use their devices as a second screen.

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20 Ibid.

21 Ibid.

How consumers use mobile is important when developing mobile display ads. For example, did you know that 90 percent of consumers start a task on one device and finish it on another?23 Users tend to search for products or information from their cell phones, but when it comes to purchasing they might switch to a tablet or laptop because it has a bigger screen—making it easier to complete orders. But smartphones are still the preferred medium to find coupons, promotions or sales while consumers are shopping or travelling to new places. And this is where mobile ads can really become valuable. If you know where users searched for information you can serve up targeted ads that are relevant at the time. It’s called geolocation tracking, and it’s mobile advertising’s new best friend.

Swimming with a life vest: How geolocation improves mobile advertising

Mobile display advertising should reach customers while they are on the go—and this is where geolocation efforts come into play. Geolocating is when companies target consumers by their location and send real-time, relevant ads. Without doubt, most consumers rely on mobile devices when they are out shopping or running errands. Smartphone users search for almost everything on the spot, including things like restaurant menus and product reviews. In fact, a consumer might use his or her device to research a product while in the store and conduct price comparisons to make sure it is the best deal.

This presents a real opportunity for marketers—suddenly you can place business ads and content in the hands of customers who are online and in close proximity to local businesses. Thanks to new technology, companies can pinpoint the exact location of a customer and use it to promote products, services or recommend nearby businesses. With interactive mobile engagement and targeted advertising, you can literally place relevant information into the hands of consumers in real time.

Despite the potential, only 23 percent of retail marketers use geolocation data with mobile marketing.24 This may be because companies aren’t really sure how to develop mobile ads. Another reason companies might shy away from geolocation is related to privacy issues. Some companies hesitate to use it because of the “creep factor” associated with targeted advertising.25 Customers may feel as

though advertisers are spying on their online activities or be put off by unsolicited ads that they don’t want or need. Indeed, the fastest way to alienate a customer is to make them feel as though their privacy was invaded.

So how can you maximize the potential of geolocation services and avoid the creep factor? First, you should provide an opt-in function so that customers agree to receive promotional materials. An opt-in alternative is usually offered when a customer downloads an app or purposely signs up for push notifications and alerts. Basically, it means a customer agrees to receive promotional materials, thus negating the creep factor and creating the expectation that they will receive promotional materials by choice. If a user gives permission to use their location for targeted ads, it makes them feel as though they are in control of the information they receive. Users may opt-in to other features as well, knowing that companies use this data to send targeted ads based on location. Customers may change settings at any time and have control of what ads they receive and when.

In other words, the creep factor doesn’t have to be a deterrent to mobile advertising. Providing full disclosure of mobile advertising techniques can also put customers at ease. Companies should educate audiences about what is being tracked and how this knowledge is used to benefit them. Transparency is key—it helps overcome the hesitancy to share details and enhances consumer understanding of how data is used.

In simplified terms, opt-in features and push notifications help customers find what they need wherever they are. For example, say a consumer is in a store searching for a new phone. If they’ve agreed to receive push notifications based on location, they might receive an on-the-spot coupon from the store where they are currently shopping to entice them to make a purchase. Also, customers might use their phones for price comparison shopping at other stores while they are in a different store. The last thing a company wants is to have customers leave the store because they found a better deal elsewhere. Hence, pushing coupons and promotions for the products in real time when it’s most relevant will help consumers stay and purchase in your store.

Best Buy® provides an example of how a company completely revamped its mobile strategy to adapt to customer behaviors.26 A few years ago, the company discovered that consumers were using the store as showroom to try and view products and would leave the store to purchase products elsewhere or online, usually at a reduced price. Best Buy recognized the problem, and implemented a mobile strategy to keep customers in the store and make an actual purchase.


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Specifically, Best Buy created a mobile app, a mobile website, and tools that help customers get product information, ratings and reviews while they are in the store. Best Buy also relied on geolocating to push relevant offers to increase in-store sales. Now Best Buy’s mobile marketing campaign uses smartphone and GPS technology to provide location-based ads, hoping that consumers will not only stay in the store, but make a purchase while they are there.

Don’t dive in if you can’t swim: Setting a mobile strategy

Before you jump into the pool of mobile ads, you need to know how to swim. Companies must develop a mobile strategy—you can’t just turn your online strategy into a mobile strategy, despite the perception that mobile advertising is naturally embedded in online advertising strategies. While it’s true that the content and message in mobile ads should link to the overall marketing strategy, there’s a lot more behind mobile display advertising. For this reason, some assert that a mobile strategy should be separate from online marketing efforts because it’s really a strategy in itself, presenting its own challenges and opportunities.

To create a mobile display advertising strategy, start by asking a few questions. For example, what audience are you trying to reach? What demographic is more likely to engage with your mobile content? How will your target audience access your mobile content (which type of mobile device)? Will you use geolocation services? Answering these questions will give you better direction how mobile display advertising might integrate and complement existing marketing efforts.

In addition, companies should review marketing goals and blend a number of different marketing efforts to be successful. At a minimum, a mobile display ad approach should support and integrate with the larger marketing plan. Think of mobile ads as a condensed version of the messages delivered online—ads should be consistent and support overall marketing goals while maintaining consistent branding.

You should also take a look at the platforms frequently used by your customers and make sure mobile online ads are in sync and leveraging every opportunity. For example, if you have a strong following on Facebook® or Twitter®, mobile ads should support and tap into these sites to reach even more customers. In addition, integrating mobile display strategies with social media and online ads will improve brand recognition and increase sales.

Don’t forget about the technology piece—it’s probably one of the most important factors. Sites should be made mobile-friendly if you are going to use mobile...
display ads. Specifically, your corporate website should be optimized for mobile devices as part of any strategy. This will allow users to see a simplified, easy-to-read version when they click to a website using mobile ads. This is important because 52 percent of customers visit a retailer’s website after receiving location-aware communications. Yet research shows that 79 percent of top advertisers don’t have a mobile-optimized site, and this is a big concern. If your site isn’t optimized for mobile it can drive customers away, and even worse, they may never come back. The bottom line is that before you dive into mobile display ads, make sure you are swimming in chartered waters.

Ensure safe swimming: Characteristics of a winning mobile ad

Do you know the characteristics of an effective mobile display ad and what types of guidelines you should follow? Like other forms of marketing, online mobile display ads require a creative quality. In fact, research shows that 52 percent of a mobile ad’s performance is driven by the strength of its creative design.

But the effectiveness of a mobile display ad hinges on a number of elements beyond the creative. Some of the factors to consider include:

- **Pay attention to the size and position of the ad on the screen.** Avoid mobile ads that are too small in order to engage customers. An effective ad will load quickly and be sized and positioned for maximum audience attention. Remember, you only have a matter of seconds before a user decides to stay or leave, so you need to get it right the first time.

- **Offer engagement opportunities.** Ideally, copy should include words or phrases that might spark interest. Visual elements should also be minimized—it’s more effective to use special effects for a single image and a limited set of words. Be careful not to clutter ads with an abundance of logos or copy—keep it simple.

- **Deliver a key message quickly.** It’s key to get your message delivered quickly so it grabs the attention of the user immediately. Limit content because most mobile devices have smaller screens and consumers spend less time reviewing lengthy ads. A well-designed ad will also load quickly.

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28 Ibid.

Figure 2. below is an example of a mobile display ad that adheres the factors described above. As shown, the ad offers engagement opportunities and communicates the message quickly. Did you notice there are less than 10 words in middle of the ad? It’s short and sweet yet displays consistent branding to build awareness by strategically displaying the logo twice.

Figure 2. Mobile display ad example

![Mobile display ad example](image1)

Figure 3. below is an example that features an effective call-to-action. The modified example was taken from a well-known hotel and is an effective way to quickly engage customers.

Figure 3. Mobile ad call-to-action example

![Mobile ad call-to-action example](image2)
There are some other examples related to look and feel that should be considered with mobile ads. Some of these include:

- Get personal—speak to the consumer as though you were having a conversation.
- Use or imply personal pronouns like “you” or “I”—this will create an emotional conversation.
- Short headlines have a big impact—consider breaking copy into two separate headlines at the top and bottom of the ad.
- Avoid commitment to calls-to-action—replace calls-to-action like “register,” complete,” or “purchase” with less committal verbs like “find,” “get,” or “click.”
- Use high contrast colors—a strong color contrast makes an ad stand out.
- Use big and bold fonts—ease of readability increases when using fonts that are large and simple.
- Animate the message—users will decide to click on an ad within three seconds of viewing it. Consider using brief animation to hold consumer interest.
- Establish strong landing page synergy—the landing page should immediately fulfill the promise of the display ad after clicking on a display ad.

Still not sure what mobile ads should look like? Figure 4. shows an ad that delivers all the essentials above—bright colors, bold fonts and short headlines.

**Figure 4. Effective mobile ad example**
In yet another example below (Figure 5.) you can see a mobile app that uses bright colors with limited text. The content for this example was taken from a well-known food chain that has proven to be successful with mobile ads. While there is no call-to-action text, the overall effect is still effective.

Figure 5. Effective mobile ad example

If you want to learn more about the guidelines for an effective mobile ad, take a look at an article that presents the 4 top mobile advertising examples from Appflood®. Another valuable resource is the online article from the Mobile Marketing Association, that lists Five Tips for Better Mobile Advertising Revenue. Want to read about what other companies are doing with mobile? The Mobile Marketing Association has 420 case studies to browse. You will also have access to visual examples to give you a better idea of what an effective mobile display ad should look like.

Salt versus spring waters: Pros and cons of mobile display ads

Of course, there are advantages as well as disadvantages when you unveil mobile display ads. One obvious benefit is the ability to reach more customers, since mobile access exceeds PC use. Plus, your audience is likely to have mobile devices with them at all times, making it more likely they will absorb the message on the spot.
In truth, the benefits of mobile marketing are vast and varied. Some of the bigger benefits (although not inclusive) include the following:

- **Viral potential.** Since mobile content can be easily shared among users, mobile marketing can have huge viral benefits. Users are quick to share good information and offers with their friends and family, so companies get a lot more exposure without extra effort.

- **Improved efficacy of promotions and marketing incentives.** The mobile medium makes it easier to issue promotions and marketing incentive services to the user—plus the user can keep the virtual information with them and carry it around until he or she needs to use it.

- **Enhanced tracking ability.** User response can be tracked almost instantaneously. This helps the mobile marketer better understand and analyze user behavior, and then use this knowledge to adjust marketing strategies.

- **Easier content creation:** Creating content for mobile devices is relatively inexpensive when compared to desktop or laptop systems.

- **Personalization opportunities.** Mobile marketing is personal—giving companies the opportunity to add a personal touch and really connect with customers. Instead of using things such as billboards, hoping customers will eventually drive by, mobile advertising is sent to the right individual when they glance at their phone.

- **Improved response rate for mobile campaigns.** Mobile has a 5 percent click rate vs. 1 percent for conventional Web ads. 30

- **Easy integration with other efforts.** Mobile elements are easily incorporated into current campaigns. 31

But the waters might be a little treacherous for swimming—there are some difficulties with mobile display advertising and not everyone is convinced of its effectiveness. According to Media Life Magazine®, 32 percent of consumers think mobile marketing is ineffective along with 21 percent of marketers. 32 In truth, there are some challenges you might encounter when embarking on mobile advertising. Some of the challenges include:

- **Privacy concerns.** Regardless of the level of transparency, customers often question the issue of privacy. Companies must offer clear instructions on how to opt out of mobile display ads and discontinue push notifications.

- **Distribution of irrelevant ad campaigns.** Ad campaigns that are served up to irrelevant audiences and/or are poorly developed can back-fire—users don’t want to be interrupted with advertising they don’t need or want.

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• **Loading time.** Customers have limited tolerance for ads that take too long to load. One study found that 54 percent say that loading times for ads are too long.\(^{33}\)

• **Landing page issues.** A study conducted by Dartmouth College\(^{®}\) revealed that 67 percent of customers become frustrated if they cannot easily return to the content they were reading or watching after accessing an ad.\(^{34}\)

These are just some of the challenges, you may encounter as you develop and implement a mobile strategy. Another disadvantage of mobile display ads is that mobile marketers have to learn how to succeed with mobile ads because it differs from the traditional online marketing. There is a certain amount of trial and error required. As well as a learning curve and it and can take time to develop effective mobile ads.

It’s also important to note that although smartphone usage is at an all-time high, it doesn’t necessarily mean mobile ads are getting the most attention. A [2010 smartphone survey from Google](https://www.google.com), for example, found that smartphone usage won’t always attract more consumers, since 40 percent of users are between the ages of 25 and 34 years old. That means if your marketing demographic targets those that are over 35, you are probably reaching a much smaller percentage of smartphone users.

Because mobile advertising is still evolving, some experts suggest that companies wait until the dust settles before making a significant investment. Since it looks like the mobile movement is here to stay, there’s a lot to figure out and waiting might help iron out the kinks, saving companies time and money in the long-term. Others argue the contrary, and that mobile display ads should be at the core of marketing efforts.

**Should you grab a swimsuit and jump in?**

The short answer to the above question is yes—mobile display ads are quickly becoming a critical piece to a successful online marketing strategy and it might be time to hit the pool. They can be effective, but you have to figure out how to add it to your overall marketing strategy and develop a plan. Instead of jumping in feet first, you might consider easing into the pool slowly. There’s a lot to learn, but by developing a plan and following a few guidelines, you can be sure that your mobile will be a big splash.

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33 Ibid.
34 Ibid.

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