WHITEPAPER

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Mobile Search ~ Discover the Markets

This whitepaper is an extract from:

Mobile Search & Discovery
Opportunities & Markets
2008-2013

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Introduction

The mobile channel is already used by a greater proportion of the population to access the Internet than fixed access points in some countries and is likely to become the global norm. Nokia estimates that by 2015, 5 billion people in the world will have access to an always on mobile Internet connection and there will be a 100 fold increase in mobile network traffic.

Key to accessing the Internet using mobile devices will be the ability of solution suppliers to provide search and discovery facilities which provide a comparable user experience to that available for Internet access via a PC and a broadband landline connection.

Key to monetising mobile search and discovery will be mobile advertising. The mobile advertising market is still in the early stages of development but is being studied carefully by all participants in the mobile content delivery chain: brands, agencies, mobile service operators, application service providers, content providers, search and discovery solution providers, etc.

Types of Mobile Search

Juniper Research divides mobile search into the following five key categories:

- General Web Search – general web enquiry for non location-dependent information
- On Device Search – searching for information on the device memory or removable media. This should not be confused with using on device portal applications to locate content.
- Local Search – search for local information, specific to a current or future location
- On Portal Content Search – search for mobile phone content available from an operator's portal, including on device extensions to operator portals
- Off Portal Content Search – search for mobile phone content available from sites other than on an operator's portal, including on device extensions to brand portals

The two content search categories could also be seen as content discovery, depending on how "discovery" is defined. Juniper Research uses a broad definition of content discovery, rather than the narrower definition sometimes adopted, which equates the term with what Juniper Research would call recommendation.

It should also be emphasised that these definitions of mobile search refer to search using mobile phones/devices over mobile networks. This excludes PCs using Wi-Fi connections to gain local area access to fixed internet services.

Key Drivers for Mobile Search

A number of factors lie behind the increased interest in mobile search services and these are outlined below together with the opportunity these drivers present.

Growth in Mobile Subscriber Numbers and Mobile Broadband Capability

Mobile penetration rates are now above 100% in virtually all Western European markets and in many of the other well developed mobile communications markets around the world. Whilst subscriber base growth in these countries is now extremely limited, which is not the case for most developing markets and the sheer weight of subscriber numbers being added annually in China and India alone will continue to sustain growth in overall global subscribers over the next five years. African markets will also offer good subscriber growth potential for many years to come.

Of more importance to the growth of mobile search and discovery and other mobile data services is the displacement of 2G technologies by higher bandwidth, data-friendly 2.5G and 3G technologies.

Usability and Ease of Internet Access

Whilst the infrastructure continues to be rolled out to deliver data rich services on a global stage, handset capability and availability will be a constraint in certain markets. Advanced handset availability has tended to lag advanced network roll out. This lag will reduce as advanced functionality becomes the norm in even low-end models, but local supply and support problems will undoubtedly continue to affect particular markets.

Web 2.0 and the Growth of Social Networking and "Sharing"

Web 2.0 represents the next generation of the Internet. It is a term used to describe the second generation of web-based services and particularly community and sharing services. It is particularly relevant to mobile Internet services and the anytime, anywhere nature of its customer base.

The Web 2.0 environment will provide further impetus to mobile search and discovery, moving emphasis away from traditional content search and discovery to search for user-generated content and users themselves within the context of local search – e.g. which of my friends are in town tonight; who is near a restaurant; let's have a picture of the menu; you are all invited and here's how to get here from where you are.

Breakdown of Operator Walled Gardens

Non-messaging mobile data/content has been dominated by the operator portals, both server and on device. This is beginning to break down with an increasing amount of content search going off portal and some leading merchandising brands going direct to consumer through the mobile channel.

A new, more balanced, ecosystem is emerging which requires new business partnerships and business models. Mobile search is seen as a primary enabler of both on and off portal content and information services.

Pricing

Pricing of mobile data services is a perennial issue. Many feel that if the anticipated mass market take-up is going to happen, mobile data services have to reduce significantly in price, not just in the high-price markets of Europe and North America, but also in developing markets, where per capita incomes are much lower.

There are considerable pressures to keep prices high for operators used to squeezing high ARPU from their elite customers, but the success of subscription packages and particularly "all you can eat" packages in some markets shows that consumers will go for volume if the price is right. Even European operators are now accepting the inevitable and increasingly introducing flat-rate data packages.

Mobile Advertising

There are a lot of compelling reasons why the mobile advertising market will take off and mobile search is seen as a key enabler of this revolution in the advertising world. Key drivers for mobile advertising are:

- The possibility of reaching the target audience "anytime, anywhere"
- Wide reach – wider than the fixed Internet in many countries
- The ability to target a highly-focused audience (defined by contextual criteria, such as time, location and presence).
- High response rates – mobile advertising response rates are much higher than for the fixed Internet. Some of this may be novelty value, but as the mobile channel provides the opportunity for more targeted and relevant advertising the average response rate is likely to remain significantly higher than for the fixed Internet. Mobile click through rates are currently reported at five-to-ten times those for other web-based advertising, with even higher rates for particularly well targeted campaigns

The opportunity of interactivity – this also exists in other advertising media, but the immediacy of the mobile channel makes sort interactions much more likely.

The Hurdles to Mass Adoption of Mobile Search

While mobile search clearly presents a significant opportunity to both operators and service providers, there remains a number of key constraints on the market which serve to limit the opportunity for growth. The major hurdles are outlined in Table 1 below:

Table 1: The Hurdles for Mobile Search

Issue	Why is it a challenge?
Legacy of Bad Mobile User Experience	Juniper Research believes that one of the biggest constraints to the development of the market for mobile search is overcoming the barrier of user confidence. In some cases, this barrier has actually become greater due to a legacy of bad experiences from initial encounters with various mobile data services.
Network and Handset Limitations	While subscriber, and particularly 3G subscriber, growth is a driver of the adoption of mobile services, it also follows that where delays in network enhancement occur they will have a knock-on effect on the uptake of data-rich mobile services in the markets affected. The key concern over form factor is marrying the various needs of mobile users without comprising the core functionalities of the handset, which are to make voice calls and (in most cases) send text messages. Furthermore, each entertainment application must jostle for position on the handset with others.
Localisation and Optimisation	A continued constraint on the development of mobile services is the need to render those services suitable for a wide variety of devices, all of which have different characteristics.
Privacy	The increasing capabilities of mobile technologies to record and track user-specific information, ranging from mobile sites visited and content download to their physical location, has given rise to a number of concerns. While from a service provider (and indeed mobile advertiser's) perspective, the more information they have about their users the better (in order to tailor content and advertising to push to them), there are increasing concerns as to how such information could be used, and whether such information would be passed to third parties
Advertising overload	At the present time, advertising is very much a novelty on the mobile handset; however, unless its wide-scale deployment is handled with sensitivity towards the mobile user base, then those consumers may quickly tire of the various banners and pop-ups and click-through rates may deteriorate rapidly.

Source: Juniper Research

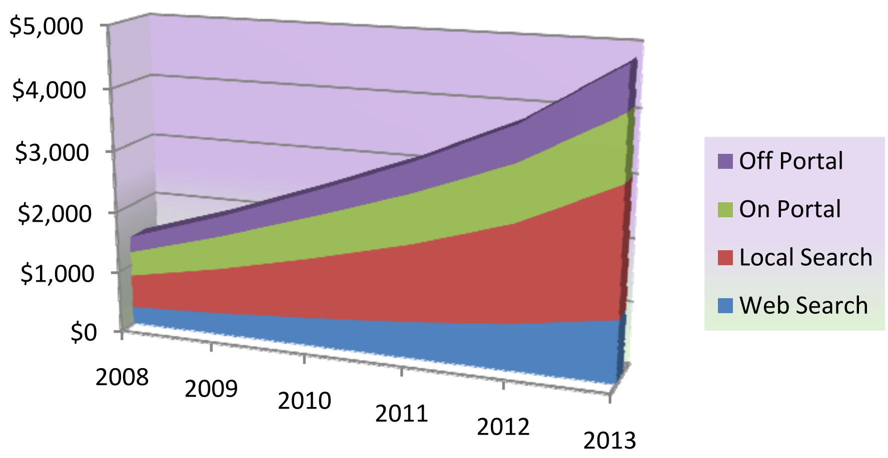
The Market for Mobile Search

Juniper Research's forecasts for the global market for mobile search 2008 to 2013 are built up from the individual search category forecasts. The key metrics that are forecast are the total number of mobile searches undertaken by active users and the direct revenues attributable to the mobile search process.

These are the advertising revenues generated by mobile search and the mobile data revenues attributable to the mobile search process (although not the downloading, or usage of content or services identified through the search process).

Figure 1 shows the Juniper Research forecasts for the total number of mobile searches globally by type of search for the period 2008 to 2013.

Figure 1: Total Revenues from Mobile Search ($m) 2008-2013.



Source: Juniper Research

Direct revenue grows from an annual figure of nearly $1.5bn in 2008 to an annual figure of $4.8bn in 2013. The average annual growth rate 2008 to 2013 for total revenue is estimated to be 27%. Strongest growth is expected to be in mobile general web search and in the mobile local search sector.

Order Full Report

Mobile Search & Discovery: Opportunities & Markets 2008-2013

This whitepaper is taken from **Mobile Search & Discovery: Opportunities &Markets 2008-2013.**

This milestone study into the future opportunities for mobile search provides crucial market forecasts on mobile search and the associated mobile advertising and data revenues, as well as ARPU (average revenue per user). The expansive 190 page report analyses over 15 key players in the mobile search market, and presents qualitative, detailed outlooks from key executives in the industry. The report explains the changes that are underway in the mobile search market with the emergence of off-portal and on-device search, for example, and explores the key drivers for the growth of mobile advertising. In addition, this forward looking mobile search study also forecasts the cost-per-click-through and the total number of searches that are ad supported. Each forecast is split by the different search strategies: general, local, on portal, off portal and the newly emerging- on device.

For more details on this report visit the website www.juniperresearch.com or phone +44 (0) 1256 830002.

About the Author

Bruce Gibson has worked in the IT and telecom industries for over 20 years, providing consultancy services and information products to telecom service operators, application developers/service providers and to industry investors. Prior to joining Juniper Research, Bruce was Managing Director of Zetetic Consulting, where he provided consultancy services to telecom operator and solution supplier clients in Europe, the Middle East and Africa on IT-lead business process improvement and market strategy.

Dr Windsor Holden is the Principal Analyst of Juniper Research. Dr Holden is responsible for developing Juniper Research's report portfolio and designing a forthcoming range of market intelligence services focusing on the mobile content market. He is also the author of a number of recent reports including *Mobile Music: Ringtones, Full Track Downloads & Streaming, (4th edition), Mobile Games: Subscription & Download (4th edition)*, *Mobile Gambling: Casinos, Lotteries and Betting (4th edition)*, *Mobile TV: Opportunities for Streamed and Broadcast Services (3rd edition)* and *Mobile User Generated Content: Dating, Social Networking and Personal Content Delivery*.

Previously with Analysys, Dr Holden has written extensively on mobile content, emerging telecoms markets and digital TV. He is also a regular conference speaker and a former Research Fellow of the Institute of Communication Studies, University of Leeds.

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