# Mobile Advertising Revenue Forecast: North America and Western Europe, 2007-2012

*Mobile phones are poised to serve as a new, geo-targeted, highly social media that provide their owners with a means to find out the people, places and products of interest locally. In this document, Local Mobile Search provides planning assumptions to support business development and product definitions that are in line with reasonable revenue expectations.*

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## Key Findings:

- **"Free" local, mobile search to spawn new media** – Mobile advertising categories and supporting user behavior, will generate combined revenues of roughly $5 billion by 2012, across North America and Western Europe.
- **Ad-support will prevail** – Mobile search will follow the Web model. Subscription-based services will give way to advertiser support. Local search will drive geographically targeted advertising and promotion.
- **Mobile Web access grows to almost half** – The LMS forecast reflects that 15% of users access the mobile Internet, to varying degrees, on their wireless handsets today. That figure will grow to 47% of the entire user base during the forecast period, despite 90% penetration of Web-capable handsets during the forecast period.
- **Four ad revenue segments** – The LMS forecast model organizes revenues into four segments that largely mirror current Internet advertising categories: DA/DQ "banners," call connection revenues (pay per call), CPM/display advertising and mobile click thoughs (pay per click)
- **DA/DQ transforms and competition emerges** – Voice search, as Google calls it, or free, ad-supported DA/DQ is a kind of universal entry point into mobile search that will dramatically erode traditional DA call volumes. As the mobile Internet becomes more usable and accessible, it will increasingly compete with ad-supported DA/DQ services for local mobile search among users.
- **Local/geotargeted revenues a meaningful subset of mobile advertising** – LMS estimates that 90% of DA connection is local in nature. Mobile Web clicks will be 60%-65% local. By contrast, only 20% of mobile Web impressions are local during the forecast period and 50% of DA-banners are locally relevant.
- **SMBs will never directly buy mobile** – Most SMBs will never concern themselves with mobile marketing as a separate category. The infrastructure being built now by directory publishers and others, in the form of self-service Web sites and direct sales mechanisms, will bundle "local" with "mobile" marketing by SMBs.
- **New devices and operating environments are set to launch new user experiences** – Our predictive model is designed to take into account changes in user behavior sparked by the advent of the iPhone (illustrating ubiquitous Web-like applications) and Android (accelerating innovation among an expanding number of application and content providers).

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