

SPECIAL EDITION – IAB Article

Local Mobile Advertising Gains Traction

Mobile search and advertising continue to shine amid wider marketing slumps.

By [Michelle Megna](#) :

Local mobile advertising will be the next hot trend, with local mobile search leading the way, according to BIA's The Kelsey Group. Local mobile ad revenue will grow to \$3.1 billion in 2013, up from \$160 million last year, while mobile search will reach \$2.3 billion, according to the firm's forecasts. Local searches made up 27.8 percent of all searches in 2008, but are expected to hit 35.1 percent in 2013, according to the report, "Going Mobile: The Mobile Local Media Opportunity."

"As mobile data consumption rises, we expect local marketing to be a big winner. There is a strong correlation between local search and the mobile use case, which will cause a good portion of the ongoing mobile application boom to focus on local," Michael Boland, the [The Kelsey Group's](#) program director for mobile local media (MLM), said in a statement.

The report says that about 15 percent of all Apple (NASDAQ: AAPL) iPhone applications are local.

Annual Forecast (2008-2013)," BIA/Kelsey forecast U.S. local advertising revenues to decline from \$155.3 billion in 2008 to \$144.4 billion in 2013, representing a negative 1.4 percent compound annual growth rate (CAGR). Only the local interactive segment will show growth throughout the forecast period. All other local media will experience marginal to rapid declines in the next 18 to 36 months.

A small number of traditional media will rebound with a revived economy beginning in 2011, though most traditional media will continue to decline, albeit at a slower pace, according to the report. The interactive share of local ad spending will more than double from 9 percent in 2008 to 22.2 percent in 2013. According to the forecast, the interactive segment (encompassing mobile, Internet Yellow Pages, local search, online verticals and classifieds, voice search, e-mail marketing and other interactive revenues generated by traditional media players) will grow from \$14 billion in 2008 to \$32.1 billion in 2013 (at a CAGR of 18 percent), while the traditional segment (newspapers, direct mail, television, radio, print Yellow Pages, out of home/non-digital, cable television and magazines) will fall from \$141.3 billion in 2008 to \$112.4 billion in 2013 (CAGR of -4.5 percent). "Within the local advertising sector, there will be a real share shift, and the players most ready to leverage and adopt interactive models will achieve greater success going forward," Kelsey Group CEO Neal

Polachek said in a statement. "The share shift we expect could actually be more pronounced if the major traditional media are not able to integrate new interactive products into their bundle." Indeed, the news comes at a time when the overall online ad market is shrinking, and [mobile commerce and advertising](#), especially mobile comparison shopping, begin to play an increasingly more significant role in interactive marketing. "I predict all comparison shopping engines will be optimized for mobile, either through apps or with mobile Web sites very soon," says Greg Sterling, analyst at [Local Mobile Search](#). "The smartphone market is the most dynamic, healthy segment of the mobile market. People buy them because they want the enhanced capability of the Internet, so it makes sense they're more heavily engaged. Price comparisons on mobile is one thing we'll see increase fairly dramatically in the next few years."