

COLUMNS

Top 10 mobile marketing trends for 2016

January 6, 2016



Top 10. Image courtesy of Wake Forest University

By A LUXURY DAILY COLUMNIST

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The tricky part with most predictions is not so much in the "what," which you can usually get a good sense of well before it actually arrives, but in the "when," which is far harder to accurately divine. We all know mobile wallets are eventually going to replace credit cards: Is this year the tipping point?

And yet, given the sheer excess of potential afforded by having a connected, contextual platform sitting in your pocket, you can just as easily get surprised by something you could never have seen coming, by definition almost impossible to predict. To wit: 360-degree videos for example were a pretty great example of that.

Last year was arguably the year that mobile's dominance over desktop became a fait accompli for everyone.

More than 50 percent of Google search queries worldwide were done using mobile phones. In the United States, consumers spent more time interacting with their applications than they did watching television. Nearly 80 percent of Facebook's third-quarter revenues came from mobile ads. Google rolled out its "MobileGeddon" ranking algorithm that penalized non-mobile optimized Web sites, making mobile-first design a must have for all.

This year is expected to be equally epic for mobile.

There will be 2 billion smartphone users worldwide next year. According to eMarketer, the global mobile advertising market will account for more than 50 percent of all digital ad expenditure for the first time and cross more than a cool \$100 billion in spend. U.S. mobile ad expenditures alone are expected to cross \$40 billion.



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So without further ado, here are my top 10 key trends:

1. Mobile moves beyond the phone

Even as smartphones have come to dominate the desktop, the concept of mobile itself is fast moving beyond just phones.

Mobile no longer means just your phone or tablet, but increasingly your watch, your car, even your fashion accessories and the clothes you wear.

The rise of wearables is going to have a profound effect on mobile marketing overall.

EMarketer expects that two in five Internet users will use wearables by 2019, a figure I personally believe under-represents the total market.

Smart watches will likely drive wearable adoption, and over the next few years most watch manufacturers will be incorporating elements of wearables into their phones, dramatically expanding the overall market.

Wearables, by their very nature, are more intimate and provide deeper data about consumers.

Marketers will need to work hard to tease out the opportunity for each of the different device types, and each one will have its own unique format and requirements.

2. Mobile video comes of age

Mobile video usage has been exploding.

According to Cisco, mobile data traffic grew nearly 70 percent in 2014, with 55 percent of mobile data traffic spent on videos.

As of November, Facebook claims 8 million video views every day a figure which doubled in six months with more than 75 percent of these happening on mobile devices.

As mobile video grows, so does mobile video advertising.

Google recently announced that it will incorporate video ads in search results, which will be a significant driver in making mobile video ads the de facto advertising standard on the medium.

This trend is reinforced by the fact that advertisers are anyway creating mobile-specific video ads of under-15 second duration to run on native social media apps such as Facebook, YouTube, Instagram, Vine and SnapChat.

Mobile video ad budgets still represent a fraction of total ad budgets less than 2 percent in 2015 according to eMarketer despite the large share of time spent on mobile (29 percent of total time spent in front of screens, according to venture capitalist Mary Meeker). Expect that to change rapidly and dramatically in 2016.

Expect publishers to also continue experimenting with different formats and lengths as well.

Vertical video is becoming a legitimate format, driven in large part by Snapchat and livestreaming apps such as Periscope and Meerkat.

Another big innovation is 360-degree videos, which Facebook has integrated into its newsfeed and provide users with a new level of immersiveness.

In fact, the key challenge for marketers and publishers in 2016 will be in developing common mobile video ad standards and preventing the profusion of different formats that are currently out there.

3. Planet of the apps

According to Flurry, U.S. consumers spent more time inside mobile applications than watching television in 2015.

Despite the popularity of apps, app usage remains highly concentrated with the top five apps accounting for 80 percent of usage time, according to comScore.

Google recently announced that its search algorithms had been modified to include app search results. Amit Singhal, the company's senior vice president of search, announced in October that Google had indexed more than 100 billion deep links within apps.

Adding app search results will have a profound effect on usage and discovery for apps.

It used to be prohibitively expensive to launch and market an app. Search makes that function much, much easier much as it did for Webpages, in general.

Expect brands to launch even more apps, and use their apps as the go-to channel to build both community and

loyalty, to drive engagement and purchase, and provide consumer-related services.

4. The Internet of me

As marketers collect more data about individuals from connected devices and across their purchase habits, consumers themselves are increasingly coming to expect highly customized and personalized interactions with brands, particularly on the devices they keep in their pockets.

One-size-fits-all marketing is fast going the way of the dodo, and this has several implications for brands:

Beyond mobile first: Moving to context-first design

Most marketers have now caught on to the mantra of mobile-first design.

However, as mobile increasingly fragments across multiple different devices, and these devices collect more data from consumers, smart marketers will be leveraging context such as location, time, identity and personal data to provide users with targeted, differentiated experiences.

Location is the new cookie

According to Google, 85 percent of the top 100 retailers are expected to adopt some kind of beacon technology by the end of 2016.

Beacons, accompanied by corresponding consumer acceptance of location-based marketing, will have significant effect on shopper marketing and will enable brands to deliver hyper-relevant, micro-targeted offers.

Marketing automation becomes a must-have

According to Forrester Research, there are more than 30 billion mobile moments happening each day in the U.S. alone.

To successfully leverage this flood of data and convert it into customized marketing targeted to individual users will naturally require lots of marketing automation.

Expect to see large-scale adoption of automation tools not just by large and mid-size businesses, but increasingly by smaller businesses, too.

5. Mobile advertising will not look anything like online advertising

By allowing ad-blockers in iOS 9, Apple tacitly accepted what we all knew to be implicitly true: that the old online advertising formats do not and will not work on mobile.

Next year, total mobile ad spend expected to be \$40 billion in 2016, according to eMarketer will surpass desktop spend.

Within mobile, in-app advertising spend accounts for nearly three-fourth of the total mobile ad spend.

Expect 2016 to be the year where marketers ditch the traditional display ad altogether, even as they double down on native advertising formats and mobile video ads and continue to experiment with new formats.

6. Chat is the new social

For those who do not know how chat is going to evolve, one only has to look at WeChat in China.

What was once a simple messaging app has now become a full-fledged marketing, commerce and payment platform. Users are able to connect with brands, request and reserve services, and buy and pay for goods, all through the same app.

Both Facebook Messenger and WhatsApp are expected to cross more than 1 billion users in 2016. Although Facebook has been coy about opening up those services to brands for marketing opportunities, expect that to change in 2016.

7. Mobile commerce moves beyond window shopping

Not so long ago, mobile's role in commerce was largely to influence shopping: read product reviews, check pricing and receive coupons and offers. That is clearly not true any longer.

Mobile currently accounts for 35 percent of all ecommerce, according to Forrester, and less than 2 percent of all retail sales. That will increase rapidly, particularly given the rise of social commerce.

From Instagram's "Shop Now" to Pinterest's "Buyable Pins," many of today's leading social media have added direct

ecommerce capabilities to their platforms.

Since most of social is mobile anyway, expect that to have a meaningful effect on mobile commerce.

8. Mobile will continue to revolutionize shopper marketing promotions

Mobile continues to play an under-appreciated role as a bridge between offline and online, particularly when it comes to retail.

Brands are increasingly leveraging mobile in promotions, both in validating purchase through bridging solutions such as receipt processing and in providing incentives via digital content, electronic gift cards and prepaid credit cards.

In addition to driving sales, the data generated by these shopper marketing promotions can be used to better understand actual shopping purchase patterns and real-world user behavior.

9. Mobile couponing comes of age

A variety of the factors listed earlier should coalesce together to see mobile couponing start taking off in 2016.

According to HubSpot, 44 percent of consumers are interested in receiving coupons and deals on their mobile devices all the more so if they were timely and relevant.

Increased use of location targeting and greater dependence on automation platforms will enable brands to do just that.

Further, retailers are either upgrading point-of-sale systems or creating alternative offerings such as receipt processing to enable mobile coupons and offers to be redeemed at or near the point-of-sale.

10. Mobile wallets will not be mainstream in 2016

This is a classic "when, not if" problem. There will come a time when credit cards will be rendered obsolete by mobile wallets. It just will not be in 2016.

Apple Pay continues to slowly win over advocates, helped by the possibility that it may well be the killer app for the Apple Watch. Apple claims 80 percent of Apple Watch users are using Apple Pay to make payments.

Interestingly, Samsung's brilliantly named Samsung Pay may well be the killer mobile wallet solution as it can work with all payment terminals that accept credit cards, and not just NFC-enabled ones that are estimated at 10 percent of the market.

Despite clear progress, mobile wallets will remain niche for at least another year, as retailers slowly upgrade terminals, market players continue to compete on standards and features, security and usage issues get ironed out and the public at large remains comfortable charging stuff to their credit card.

SO WILL 2016 be just more of the same, or will there be surprises that we never saw coming? Here's looking forward to finding out.

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