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Facebook's mobile opportunity this year with social context

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It is no big secret that mobile Internet usage has increased rapidly largely due to more advanced mobile phones with better functionality and greater capacity. And, ironically enough, making phone calls may not even be the most important mobile feature anymore.

So it is on pretty good authority that mobile has been touted as Facebook's next billion-dollar opportunity. Facebook currently has 1 billion users, 600 million of whom access Facebook on a mobile device.

Liking it

It is a good start and I am predicting that 2013 is the year of mobile at scale for Facebook. Here are a few reasons why I believe this:

- As global penetration of smartphones continues to increase, the Facebook mobile opportunity continues to increase along with it
- Initial results have been promising with click-through rates and CVR being 10 to 20 times higher on mobile placements than on desktop
- Facebook has focused many development resources on mobile, rebuilding and relaunching its mobile application

- Facebook's mobile ad revenue grew quickly from \$20 million in the second quarter of last year to \$152 million in the third quarter
- Checks indicate ad dollars have continued accelerating toward mobile, and can now expect Facebook to generate \$315 million of mobile ad revenue in the fourth quarter and \$1.44 billion in 2013.

By all accounts, Facebook's initial foray into mobile has been successful, but it is still very early and there are several additional opportunities that Facebook can still access.

Friendly advice

The power of Facebook's mobile strategy is that it extends Facebook's desktop strategy of earned media at scale – ad units that are social by design.

Here is a broader glimpse of the opportunity for Facebook in 2013:

- By using more granular targeting data such as device, session data and custom audiences, Facebook can deliver some of the most relevant social context ads available, with ads tailored to user experiences to make sure that they remain engaging
- The key for mobile monetization will be how Facebook drives premium eCPMs on mobile to compensate for the fact that the rate showing ads on mobile has to be less than desktop
- Facebook founder/CEO Mark Zuckerberg has always focused on user experience, and we do not expect this to change. So while mobile monetization will remain a core focus, it will not come at the expense of user experience. And it should not

FOR ALL OF this to work, Facebook needs to employ a strategy of hyper-targeting to match ads to users on Facebook, while ensuring that ads are tailored, customized and relevant and, hence, have a higher chance of users engaging.

If Facebook can hit that nail on the head, it will be in a great position and then this time next year we can talk about how video will enable Facebook's reach beyond sponsored stories and ads. Until then keep your mobile phone handy.

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