

RESEARCH

## Mobile content revenue to hit \$65B by 2016: study

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By LAUREN JOHNSON

Tablets are poised to bring in substantial revenue in the next few years as consumers increasingly become more comfortable paying for content, according to a report from Juniper Research.

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Juniper's "Mobile Content Business Models: OTT & Operator Strategy & Forecasts 2013-2017" report looks at which types of content consumers will be comfortable buying via their smartphones and tablets. Additionally, the report examines how carrier billing will impact mobile monetization.

"What's particularly interesting is the way in which advertising has now become a fully-fledged content monetization model on the mobile – witness Facebook's success in the space since it introduced advertising on mobile devices around a year ago," said Dr. Windsor Holden, principal analyst at [Juniper Research](#), Hampshire, England. "In that time it has generated around \$850 million from mobile advertising – that's an astonishing achievement.

"At the present time, smartphones outnumber tablets by approximately six to one, but within five years the ratio will be less than to three-and-a-half to one," he said.

“At the same time, consumers are finding that tablets are far better for, say, watching – rather than snacking on – streamed video content. Hence, subscription and ad hoc revenues for video will be particularly strong here.”

## Mobile revenue

Mobile content is expected to bring in \$40 billion this year with the remaining \$25 billion accumulating over the next three years, according to [Juniper's](#) report.

In particular, revenue from games, videos and ebooks will all grow significantly as consumers become more comfortable buying digital content.

All three of these types of content point to increased tablet ownership as well as consumers using their tablets for longer periods of time.

In fact, 65 percent of handsets in the United States were used to access mobile entertainment services in 2012, according to the report. Forty-seven percent of handsets in Western Europe were used for the same reason.

Additionally, 75 percent of mobile devices in the U.S. and 65 percent of handsets in Western Europe accessed the Internet in 2012.

EBooks are the biggest form of revenue on tablet revenue currently, according to the report.

Gaming and video is also increasingly moving toward tablets and smartphones as consumers shift away from portable gaming devices.

Fifty percent of all mobile revenue currently comes from video and music, according to the report. This shows how the majority of mobile content is still being driven by small, incremental purchases such as a paid app or a music track.

Additionally, the growth of social and gaming is contributing to significant post-download monetization opportunities, such as in-app payments for game currency.

Fragmentation and visibility will remain a challenge for marketers with the increased mobile usage, according to the report.

## *Gaming*

### Mobile payments

The report points to an opportunity with content monetization through carriers.

Revenue from direct carriers exceeded \$2.3 billion in 2012 and will grow at a compound annual growth rate of 41.4 percent over the next three years.

Revenue from direct carriers will total \$13.1 billion by 2016, according to the report.

The report then splits up the expected direct carrier revenue into eight key markets, with Western Europe as the No. 1 area where revenue will come from.

The Far East and China and the rest of the Asia-Pacific region will also contribute to large portions of revenue from carriers.

While credit and debit cards will remain the primary billing system for over-the-top services, storefronts such as Google Play and BlackBerry's App World are turning to carrier-based billing to drive revenue.

Carrier billing also presents a few new opportunities for monetization.

For example, the payment method helps storefronts enable payment across a wide and diverse user base.

Additionally, direct billing can be helpful for developers and marketers to reach younger demographics that have lower credit card ownership.

Direct carrier billing is also effective at triggering spontaneous, quick purchases.

"Storefronts such as Nokia and BlackBerry have seen a huge increase in conversion rates when carrier billing is introduced," Dr. Holden said.

"It means that the consumer doesn't have to register a credit card, making it ideal for impulse purchases, while also allowing the unbanked demographics to purchase content," he said.

Final Take

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