



2010 Mobile Search Report

LATITUDE

Part of the Callcredit Information Group

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Key data

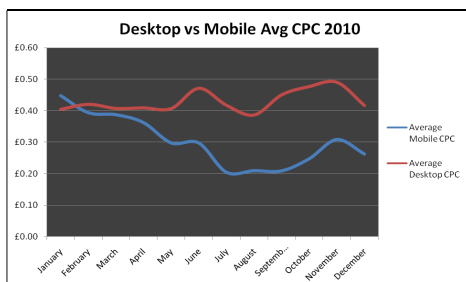
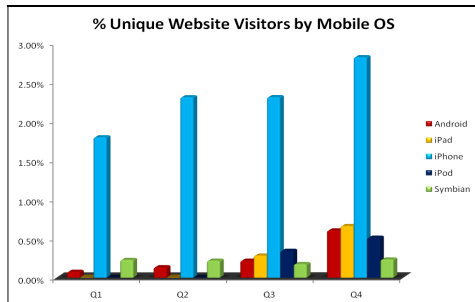
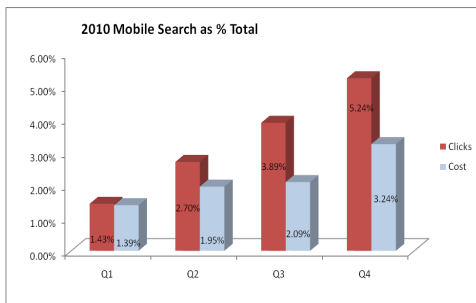
Executive Summary

Key Observations in 2010

- **Correlation between smartphone handset release and increased paid search volumes via mobile.** Release of several new handsets from April onwards resulting in 350% rise in search volumes for mobile in 2010
- **Smartphones the preferred way to compare prices over Christmas.** 52% of smartphone users preferred to use their handsets to compare prices online
- **December 26th busiest day of the year for the Mobile Internet.** Boxing day saw some UK retailers achieve 100% increase in mobile internet related queries
- **Multiple devices influencing increased search volume with Android growing faster than the iPhone:** iPhone still most significant contributor but Q4 saw big shifts from iPad & Android which grew at an overwhelming 107%
- **Mobile traffic still more affordable than desktops:** Research from Latitude data has shown the gap between average CPCs on Mobile and desktop to be fairly large. Good opportunity for advertisers to stay ahead of the competition, driving additional traffic that is both targeted and affordable
- **Google Evolution:** Google is the main player and has been giving advertisers the power to customise and target ads specifically for mobile

Latitude 2010 Quick Stats

- CPCs 40% cheaper on Mobile Vs Desktops at end of Q4
- Google mobile PPC traffic twice as large as Bing's entire UK PPC
- Clicks on Mobile at 5% of total PPC volume on Google (up 56% average QoQ)
- Spend on Mobile at 3% of total PPC volume on Google (up 34% average QoQ)



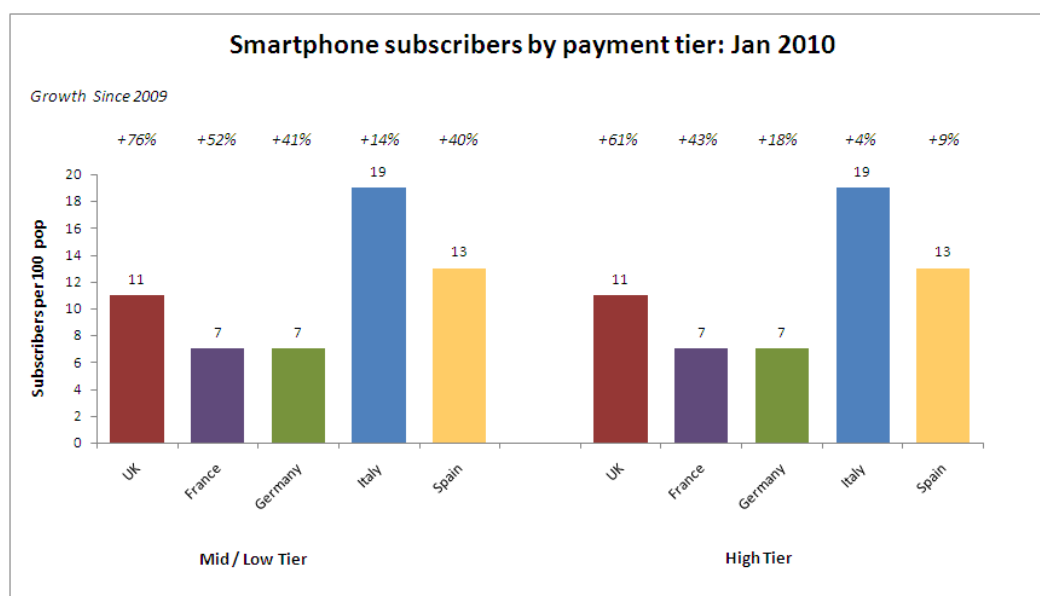
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2010 – The Year of Mobile?

It is safe to say that 2010 saw mobile become a significant factor within the search marketing mix. The launch and significant uptake of smartphones have naturally been the catalyst for this growth. This report highlights some of the key trends within the smart phone market and how this has impacted user's interaction with the internet via mobile handsets throughout the year, The last section of this paper provides key considerations for advertisers to absorb as well as future predictions for this rapidly growing channel

Internet enabled handsets and affordable data plans become available to UK consumers

2010 opened with analysts predicting that the long awaited growth of mobile internet had finally arrived. The increasing availability of low-to-mid price internet enabled handsets, along with affordable data plans, helped to facilitate mobile internet use in the mass market. UK consumers led the adoption charge in Europe - at the beginning of 2010 the UK saw 76% growth in mid tier Smartphone subscriptions compared to January 2009.



Source: comscore MobiLens / Ofcom calculations. Age 13+. Note: High-tier pricing model includes smartphones with monthly subscription fees of over £35 in UK and over €50 for Europe territories

Over 11 million Smartphone subscribers in the UK.

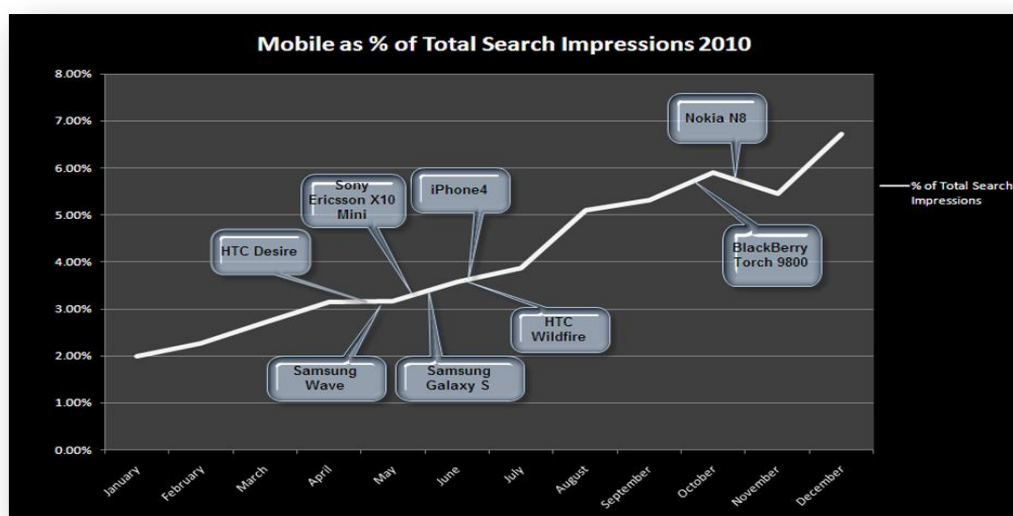
At December 2010, Smartphone shipments were reported to account for [37% of all handset shipments](#) in Western Europe. There are now over 11 million Smartphone subscribers in the UK – this is more than 1 in 6 of the UK population, and represents a growth of 70% from 2009. In contrast, sales of standard feature phones have declined by 17%, with a budget price point being their only remaining USP.

Worldwide, an estimated 1.3 billion mobile handsets were sold in 2010. [250 million](#) of these - approximately 1 in 5 - were Smartphones.

Apple iPhone 4 tops the best-seller charts.

At the close of 2010 the [best selling Smartphone](#) device in the UK was the iPhone 4, followed by the BlackBerry Curve 8520 and the Nokia N8. The much hyped iPhone 4 was released in summer 2010, and became [Apple's most successful ever product launch](#) according to apple CEO Steve Jobs. Other important Smartphone models from HTC and Samsung were also released in Summer 2010, their impact on the market perhaps obscured by the publicity storm surrounding the iPhone 4. Nonetheless, the release of a number of new and highly desirable handset models into the UK market was certainly a factor in increased mobile search activity during the second half of 2010. The graph below pinpoints key handset release dates against the rising mobile search impressions seen across Latitude paid search accounts throughout 2010. A clear increase in search activity can be seen following the release of new handset models through May and June, with only a temporary decrease in mobile search activity during November;

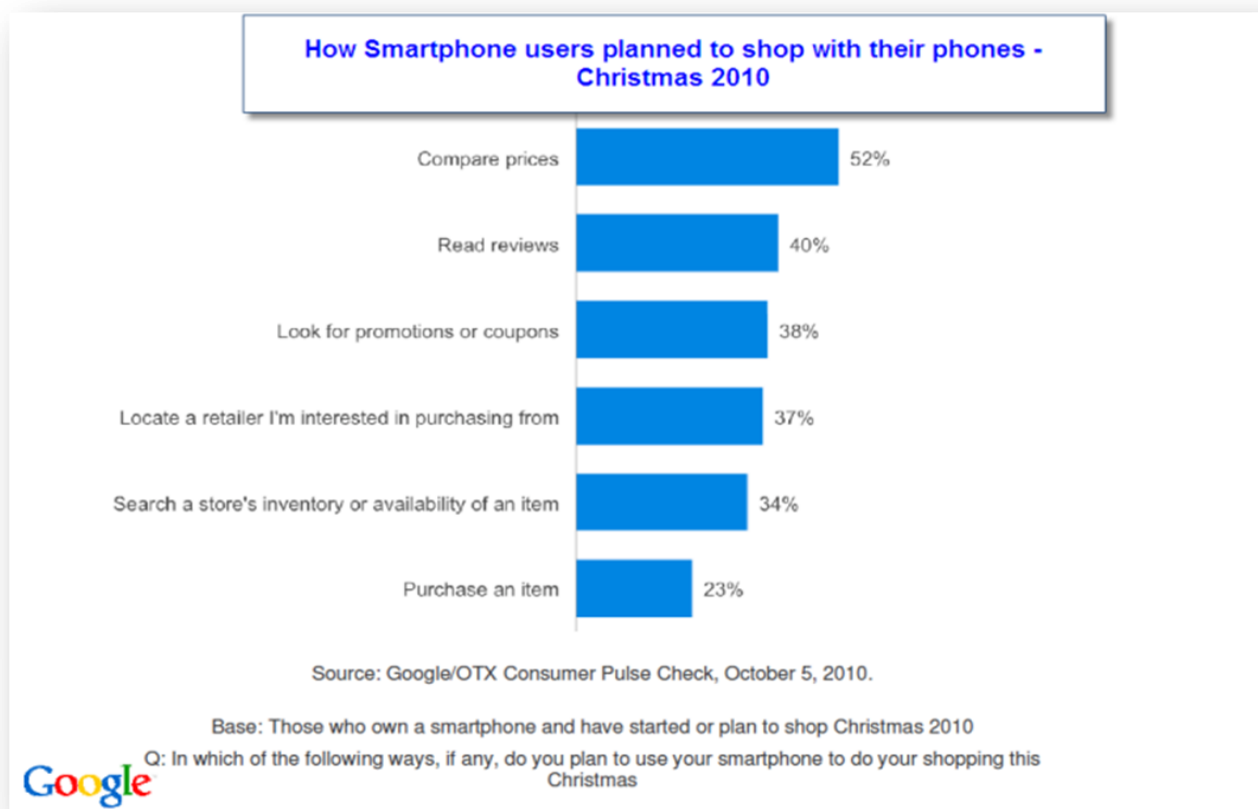
Latitude Illustration of the impact of New Smartphone models on Paid Search impressions in 2010;



*Graph shows search impressions on Mobile devices as % of total search impressions on Google SERPs (does not include GDN or Search Partners)

The slight decline in Mobile search impressions during November may reflect a preference among many UK consumers to complete this year's festive online transactions via a desktop device, possibly due to a lack of certainty regarding the security of mobile payments. A UK survey

carried out by Google in the run up to Christmas however found that 23% of consumers were already prepared to carry out Christmas shopping using a mobile internet device.



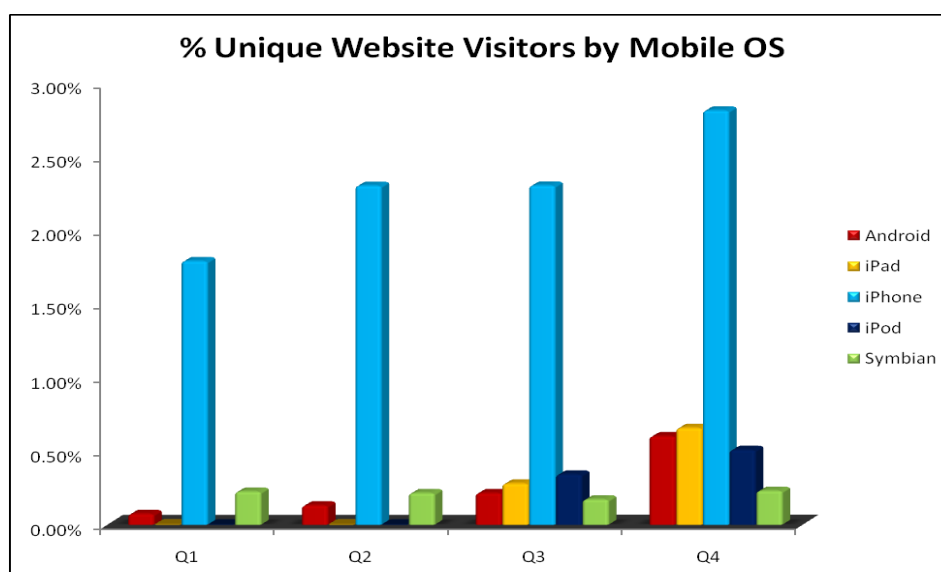
December 26th busiest day of the year for the Mobile Internet.

The November dip was brief, and quickly followed by resurgence in activity during December. Boxing Day was the busiest day in December for Mobile internet traffic, with some UK retailers [reporting up to a 100% increase](#) in visits from mobile internet devices. The most popular mobile activities included checking prices, stock availability and store locations, indicating significant browse-before-you-buy activity at the start of the festive sale season. This indicates that while the majority of conversions may still take place in store, or via desktop devices, Mobile is now an important medium for engaging customers early in the path to sale.

Apple and Google Android products drive increase in mobile internet activity. Mobile now accounting for 5% of web visitors

Of the newly released mobile devices through 2010, the iPhone appears to have had the largest impact on overall mobile search volumes. Latitude performed a study of unique website visitors across a range of sectors through 2010, and found that by Q4 the Apple iPhone alone accounted for almost 3% of unique website visitors. The Apple iPad – only launched at the beginning of Q3 – contributed an impressive 0.66% of web visitors, with Android devices not far behind. Unfortunately visits from BlackBerry’s RIM OS cannot be tracked by analytics packages due to a lack of support for the http referrer header, however even without the contribution from RIM, mobile web visitors in Q4 2010 contributed approximately 5% of total visitors, compared to around 2.1% of visitors in Q1.

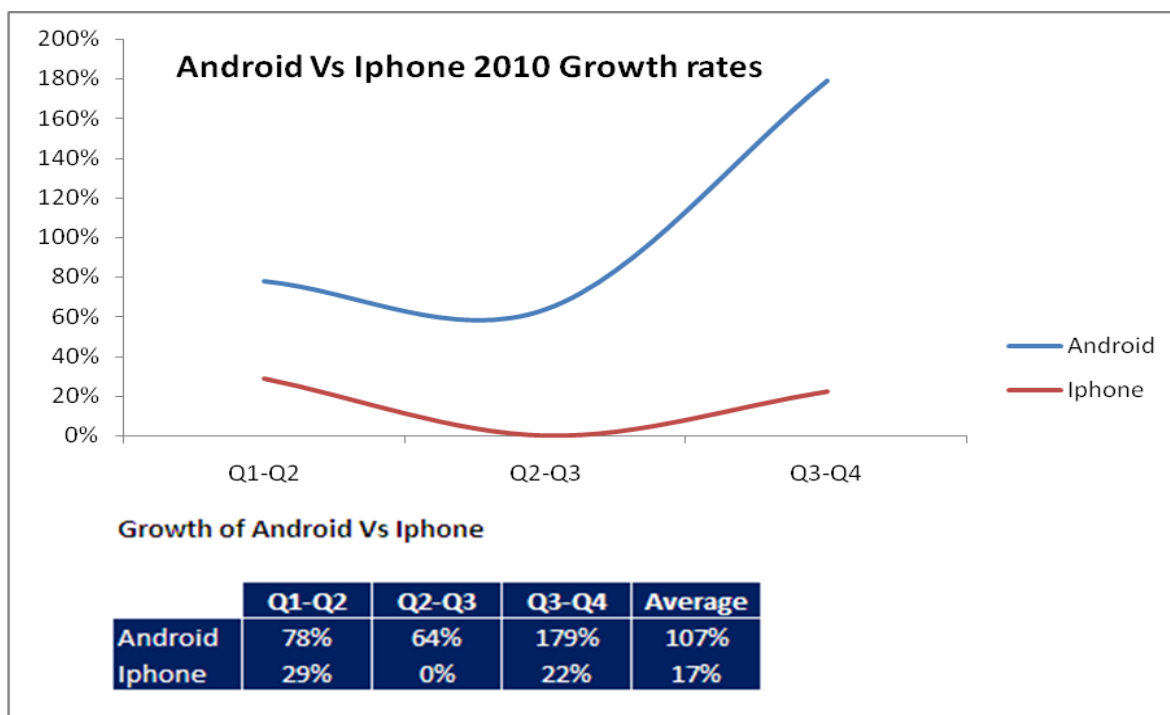
Latitude Proportion of website visitors arriving from Mobile Internet enabled devices in 2010;



Web Analytics data, sample of approximately 3.5 million unique website visitors per month across retail, insurance, automotive, leisure and service sectors.

Android on the charge in the UK?

Although Apple is leading the way in terms of current mobile internet activity, there are signs that Google’s Android is bridging that gap. Looking at the similar devices of Iphone Vs Android, the latter’s growth rates in the UK market are significantly better. 2010 has seen an average quarterly growth rate of 107% for Android Vs modest growth rates of 17% for the Iphone.



Latitude data, sample of approximately 3.5 million unique website visitors per month across retail, insurance, automotive, leisure and service sectors.

Looking towards the U.S., comScore reports that Google's Android platform has now exceeded Apple's iOS market share. It seems likely that with increasing numbers of Android devices hitting the market in the UK, market share for Google's platform will increase rapidly and soon catch up with Apple. This is further supported by the growth rate analysis on the chart above

Top Smartphone Platforms			
	Share of Smartphone Subscribers		
	3-month average ended:		Percentage point change
	Aug. 30, 2010	Nov. 30, 2010	
RIM	37.6%	33.5%	-4.1
Google	19.6%	26.0%	6.4
Apple	24.2%	25.0%	0.8
Microsoft	10.8%	9.0%	-1.8
Palm	4.6%	3.9%	-0.7

Source: comScore

Q4 Tech Developments point to global efforts to break down the remaining barriers to Mobile Internet Usage.

Playback of flash content has previously been an obstacle to Mobile users, as most handset devices will not render flash. The Android 2.2 OS released in 2010 marks the first step by Google to removing this obstacle, and high end Android devices such, as the HTC Desire, can now [display streamed video content](#) within a website.

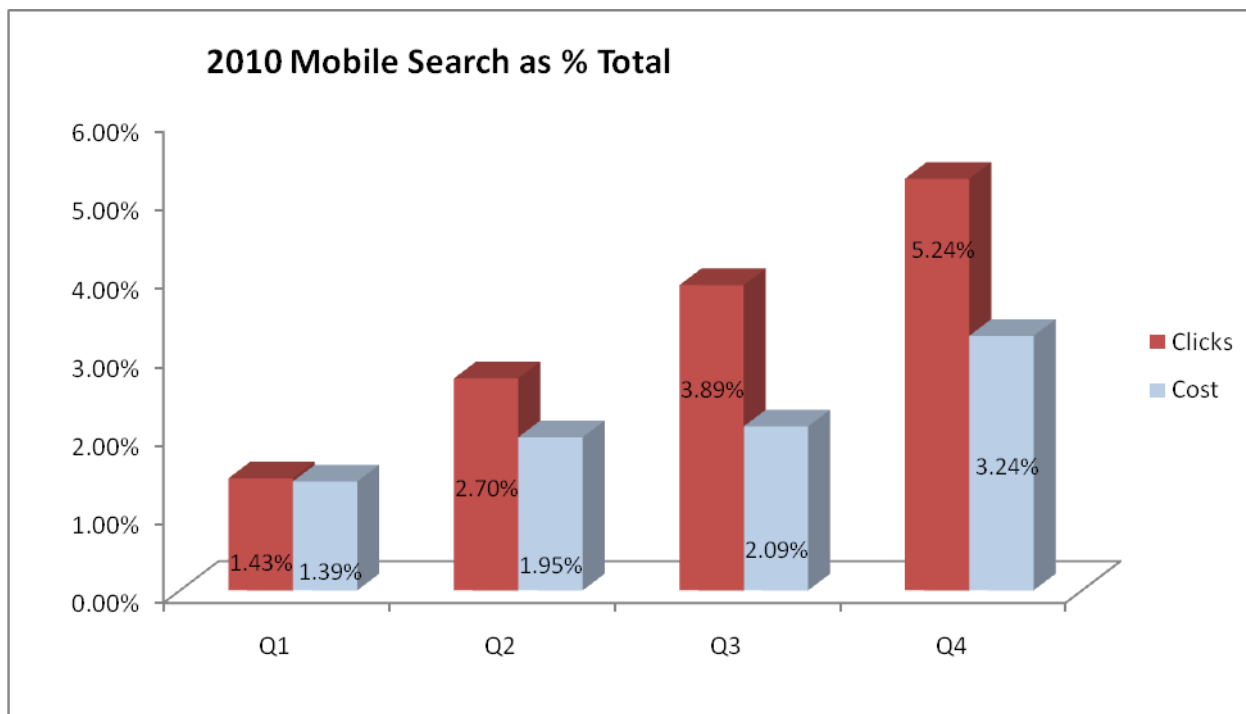
While Mobile Operating Systems are developing to cope with Flash, HTML - the language of the web - is now developing to remove the need for flash altogether. HTML5, the fifth and most recent update to the markup language, is about to be ratified as the new web standard, and is being backed by both Google and Apple. HTML5 will allow webmasters to build a single website that can be displayed on all devices, from mobiles and tablets to desktop PCs, without rendering issues.

Geographical barriers to the Mobile Internet in the UK are also being broken down, with Ofcom announcing that that [mobile operators will now be allowed to use 2G networks](#) - previously reserved for texts and calls - to deliver mobile internet services. This change will help to provide stronger in-building signals and improved coverage in rural areas, increasing accessibility and consequently increasing the number of UK users accessing the Mobile Internet.

Low cost paid search opportunities for Mobile

In our Q3 Mobile report, we highlighted opportunities for advertisers to target mobile devices for lower cost clicks. This opportunity still remains, and the volume of Paid Search ad clicks from mobile devices has increased further through Q4 2010. During Q4, paid search clicks across Latitude PPC accounts increased to make up 5.24% of total click volume, yet only 3.31% of total click costs.

2010 Q1-Q4 Latitude Mobile & PC Search engine share on Google



The data above includes traffic through Google, Google Search partners & the Google Display Network (GDN)

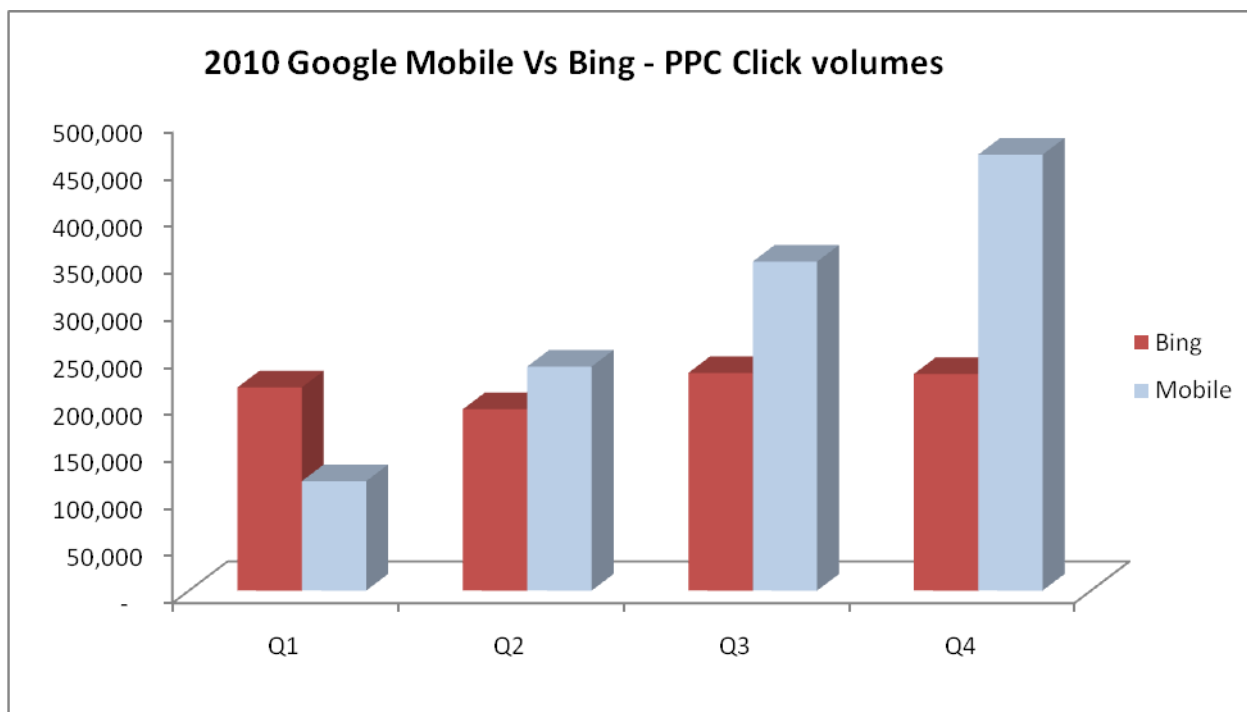
Growth of Mobile PPC QoQ

	Q1 - Q2	Q2 - Q3	Q3 - Q4	Average
Clicks	89%	44%	34%	56%
Spend	41%	7%	55%	34%

According to above chart, mobile is growing at an average of 56% in clicks and 34% in spend per quarter. Whilst the increase in click volume has remained steady quarter on quarter, the % of spend going through mobile flat-lined from Q2 to Q3, before increasing significantly in Q4. The increase will likely have been caused by increased cpcs through more aggressive competitor strategies as advertiser awareness of this channel increased.

Google Mobile traffic = Bing X 2

Our predictions came to fruition last quarter as Google mobile ppc traffic surpassed Bing ppc traffic. It's therefore little surprise to see this gap widen in Q4 of 2010. The chart below shows that Google mobile click volume is now more than double that of Bing's. This is a fairly damning statistic for Microsoft who have yet to make any significant inroads to search engine market share within the UK.

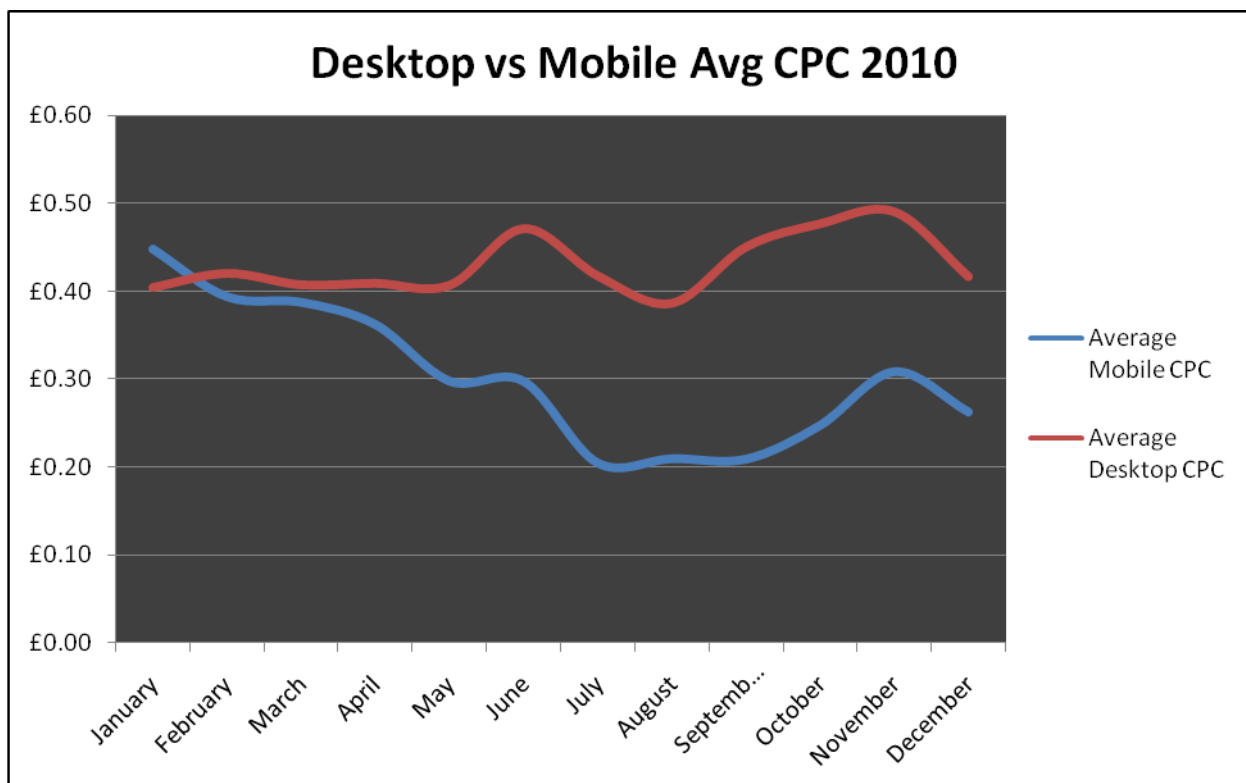


2010 Latitude PPC traffic from Google Mobile & Bing

Mobile click costs remain low compared to Desktop search. CPCs rise during peak search season.

In our Q3 Mobile report, we predicted that CPCs for mobile clicks would increase in Q4 as mobile search traffic increased and the competitive landscape developed. This prediction played out, with click costs rising through October and peaking in November. The graph also highlights high mobile CPCs at the beginning of 2010 – the falling average CPC through to July marks Google’s intent to incentivise advertisers to develop strategies to specifically target Mobile internet users.

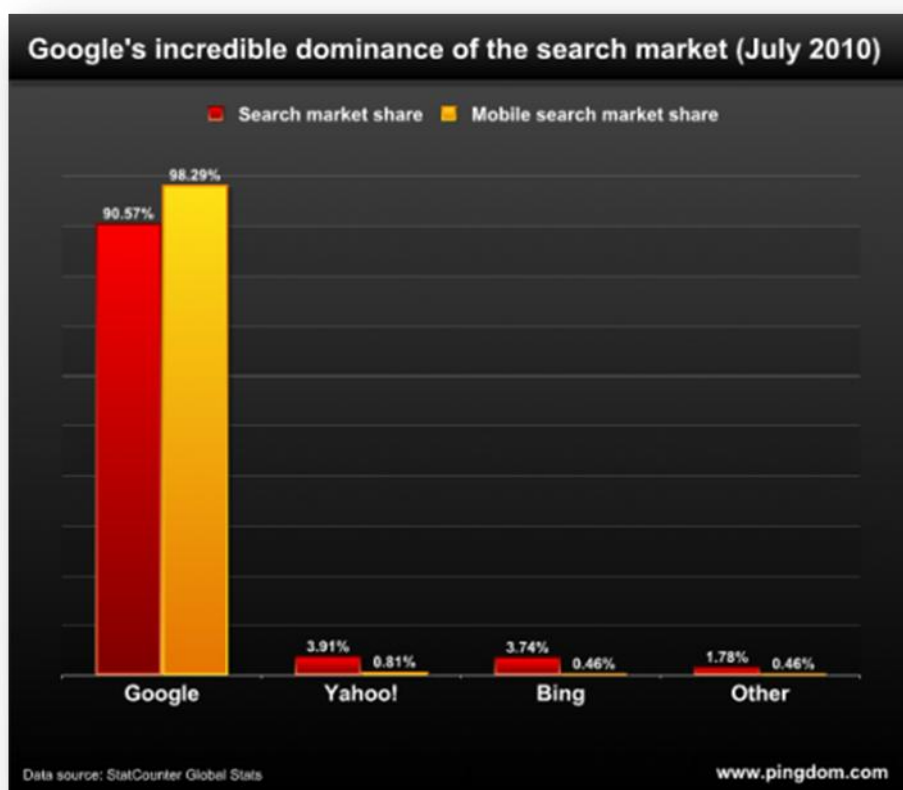
Latitude Average Paid Search cpcs for Mobile devices compared to Desktop through 2010:



Latitude managed PPC campaigns, average CPC across all UK PPC accounts. Includes GDN & Search Partners.

Paid Search developments in 2010 help advertisers to capitalise on Mobile Search

Google has openly declared that [2011 will be all about mobile](#) and mobile search. Already, Google have claimed dominance of the burgeoning mobile search market, with an estimated 98% share of mobile search in July 2010.



Google's dominance of the mobile landscape has been driven by innovations over the past 12 months, including a number of features to help Paid Search advertisers to effectively target consumers;

- A new keyword tool, with options to show keyword data specifically for mobile devices with full internet browsers.
- A host of new ad extension features:
 - [Click to call](#)
 - [Seller rating extensions](#)
 - [Offers Extensions](#) (currently U.S. only, coming to the UK soon)
 - [Call only creative](#)
 - [Vanity numbers for Phone Extensions](#) (currently U.S. only)
 - [Mobile ad sitelinks](#)
 - [Hyperlocal ad features](#)
 - [Click to download app](#)
 - [Location extensions with multiple addresses](#)

Mobile now offers significant opportunities for Paid Search advertisers, since paid search ads are much more prominent than on desktop device SERPs, and the new ad extension features released

in 2010 allow advertisers to communicate much more effectively with prospective customers. Ads with map extensions can even expand to fill the entire mobile screen, allowing advertisers to occupy more of the ad real estate.

Click-to-call



Site-Links



Click-to-download



Hyperlocal



Top PPC tips for Mobile Advertisers

- Run separate Mobile targeted PPC campaigns so that ad creative can be tailored specifically to mobile users
- Target the top two ad positions to achieve click volumes
- Employ mobile specific ad extensions to increase CTR
- Review your web analytics, and segment your visitors stats by operating system to understand how many mobile device users are visiting your website, and which devices they are using
- Optimise your website accordingly for mobile users

SEO considerations for Advertisers on Mobile

Developing Mobile Sites

This has dual benefit for both PPC and SEO activity. As the mobile web gains popularity, guidelines whilst developing and designing a mobile site are invaluable.

Mobile markup

Mobile web pages come in several markup dialects, including WML, XHTML Basic, XHTML MP and cHTML. WML is an older standard that is supported by many browsers, and still widely used in some markets. cHTML is used primarily in Japan, but also some parts of Europe. XHTML Basic and XHTML MP are almost identical subsets of HTML, used globally, but particularly in North America and Europe. XHTML dialects are the newest and most expressive of markups, and are gaining usage. XHTML Basic 1.1 and XHTML MP 1.2 are a good choice for new development, but your choice will vary according to your target market.

Validation

Valid pages are likely to render correctly on more mobile devices.

Published mobile markup standards include:

- [XHTML Basic 1.1](#)
- [XHTML MP 1.2](#)
- [cHTML](#)
- [WML 1.3](#)

Validators include the following:

- [Mobile-friendly XHTML Validator](#) (W3C)
- [Mobile-readiness checker](#) (.mobi)
- [mobileOK Basic Checker](#) (TAW)
- [WuRML](#) (shadowplay.net)

Submit your site to Dmoz

The open directory project is maintained on an open source basis by human editors and used as a seeding index for many mainstream search engines such as Google, Yahoo and Teoma. If your submission is accepted it will improve your chances of mobile search engines picking up your domain and starting to crawl your site.

Conform to W3C Mobile OK (level 1.0) standards.

The guidelines were produced in 2007 and provide all the code level instructions necessary. All topics are covered including mobile-friendly style sheets and correct rendering of elements such as tables and image maps.

To view the standards visit: <http://www.w3.org/TR/mobileOK-basic10-tests/>

Use Compliant Mark-up language

This will ensure that the widest range of mobile devices can access, read and render your content. In mobile terms, this means WML (or WAP 1.0), XHTML 'Mobile Profile' (or WAP 2.0) and/or cHTML (or iMode). In short, and at a basic level, if you stick within the W3C's MobileOK guidelines, which are based on XHTML, then you'll be fine (as WML and cHTML are fast being superseded by this standard). In practice, good use of standards-compliant code will again ensure that search crawlers can easily 'peg' your site as a mobile site and thus make you more index-able and a better candidate for inclusion in search results.

Create content with target devices and audiences in mind

Create your content with your target mobile devices and audiences in mind. This means paying more attention to shorter form factors for key important SEO content fragments such as URLs, page titles and metadata - all of which will be re-used in search results pages and so need to be suitably keyword-relevant to the search query in question, but also concise enough to be rendered and read on a mobile screen. Many mobile search engines will help you to achieve this presentation by removing standard elements in URL strings such as the "http://".

Maximise mobile-targeted page content

Maximize the use of mobile-targeted page content. As mentioned above, all major mobile search engines are now beginning to build in new dimensions to their indexing methods and the presentation of their results - such as, location indicators (eg, 'London'), content formats (eg, ringtones), and anything else that identifies your site as mobile-relevant or mobile-friendly. One key way in which you can identify your content with this type of content is to use new 'micro format' and 'semantic' markup standards such as 'hCards' which enable your web page content to be picked out and repurposed by external web and/or application services. For example, if you render the information within a 'Call Us Now' button on your mobile site as an hCard, it may be possible for your phone's browser to re-purpose the source data for dialing a phone call. By the same token, a search engine crawler will also recognize this code-level flourish, and your wider site by implication, as a mobile-centric. For further information, see: <http://microformats.org>.

Predictions for 2011 – the Year of the Tablet?

- **2011 will be the year of the Tablet.**

2010 has seen an astronomical increase in search volumes from Smartphones, with new handset models driving the trend. This year's 2011 CES show was dominated by over [100 new Tablet devices](#), with manufacturers looking to emulate Apple's 7.5 million iPad sales in the second half of 2010. We predict that 2011 will see the rapid growth of the Tablet market, and consequently a huge increase in internet search volumes from Tablet devices.

- **Google will release improved reporting options for Mobile Advertisers.**

With a revamped keyword tool, and a host of new ad extensions for Mobile Paid Search ads, advertisers now want more detailed reporting options in order to further refine Mobile targeted campaigns and landing pages. We predict that new reporting options will appear in Adwords, to allow segmentation of paid search data by handset operating system.

- **Desktop editing tools such as Adwords Editor will introduce OS specific targeting options.**

Currently Adwords editor has the option to target PPC campaigns by device, however it is not possible to target specific mobile devices. Expect this functionality to become available in 2011.

- **Google Mobile PPC traffic will surpass the total of Yahoo Search & Bing**

With Bing surpassed, Yahoo is now firmly in Google's sights. By end of Q2 it is likely that more paid search click volume will be going through Google mobile searches than Yahoo Search. This places further urgency on the importance of the Yahoo / Microsoft search alliance. We think that by the end of 2011 a combination of both channels will still fall short of Google mobile traffic.

- **Paid search CPCs on Mobile to match desktops by end of the year**

A bold statement that will depend on advertiser's ability to develop mobile friendly sites. This initiative will naturally improve conversion rates and justify higher cpcs to be paid. Given the limited number of sponsored adverts that appear on a smartphone, advertisers will be prepared to pay a premium to appear in the top 2 positions. The impact of this will again lead to inflated cpcs.

- **The upward trend in Smartphone search volumes will continue.**

Ok, we're not sticking our necks on the line very much with this one... Smartphone based web searches will continue to increase as handsets continue to penetrate the market, and data plans become increasingly affordable.

- **Android based searches will catch up with iOS**

Apple currently dominate the market with their iconic iPhone and iPad products, however the number of Android devices on the market is increasing rapidly. This will drive Android based search volumes, and we predict Android visitors to websites will exceed Apple visitors by the end of 2011.

- **Mobile Internet will connect with the High Street**

Mobile will blur the distinctions between traditional online and offline marketing activities, with QR codes becoming more prevalent both on the high street and in the press. Online has long been used to drive customers from the internet to physical locations, however as the consumer trend for using Mobile Internet while on-the-move increases, businesses will place more emphasis on using QR codes to drive customers in physical locations to connect with their websites.

Sources:

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