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Part of the Callcredit Information Group

Q2 Mobile Report

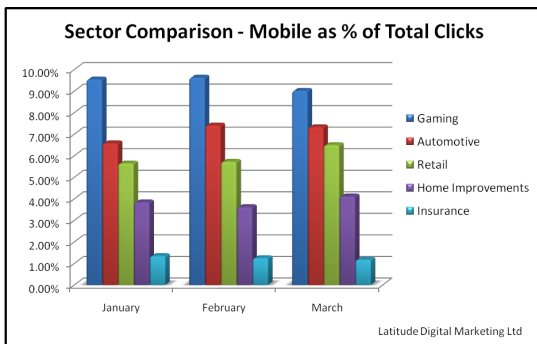
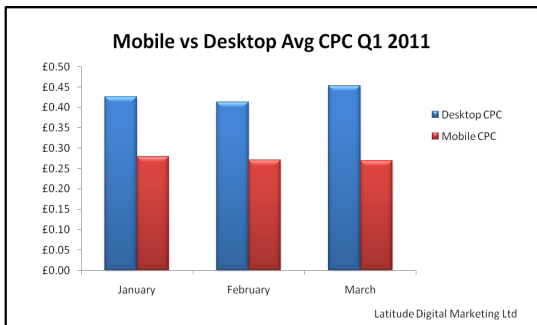
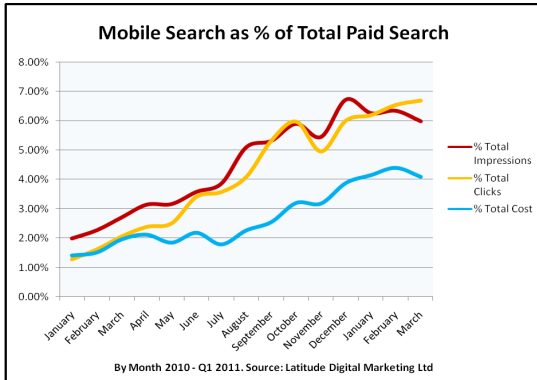
April, 2011

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Key data

Executive Summary

Latitude Findings



- **Mobile taking increasing share of Paid Search clicks:** In Q1 2011, approximately 1 in every 15 paid search clicks came from Mobile.
- **Arbitrage opportunities continue in many sectors:** Q1 Mobile CPC on average 37% cheaper than desktop.
- **Some sectors finding greater favour with Mobile web users:** Gaming, automotive and retail are receiving a greater proportion of Mobile clicks than other sectors.
- **Approximately 5% of website visitors arriving from Mobile:** iPhone continues to dominate with a 2.42% of total visitors, however Android is beginning to catch up.
- **Mobile organic search results can vary from the desktop:** Research suggests bounce rate is a greater ranking factor for mobile.
- **Top tips to consider when developing a mobile website:** Remove extraneous content, and focus on ease of use.
- **Traditional best practice SEO methods apply:** On page optimisation, mobile sitemaps and search engine submission are necessary for Mobile as well as desktop.

Latitude Q1 Quickstats

- **85%** of new handsets in UK 2011 are expected to be able to access Mobile Internet.
- **50%** of Mobile web visits start with a browser search.
- Clicks on Mobile at **6.7%** of total PPC volume on Google.
- Spend on Mobile at **4.2%** of total PPC volume on Google.
- CTR at **4.78%** for mobile compared to 3.08% for PCs on Google.

Latitude is a world leading digital marketing agency, offering PPC, SEO, conversion analytics, online display, social media, video and affiliate marketing services. We help companies maximise return on their marketing spend through a focus on measurement. We publish sector summaries every quarter to give insights into digital marketing within your industry. For more information go to www.latitudegroup.com or call 0800 652 3233.

Quarter 1 2011 – Is Mobile nearing saturation point?

The latter half of 2010 saw Mobile search take off, with remarkable growth stimulated by not only the iconic iPhone 4 and iPad releases during last summer, but also a wave of new Android devices hitting the market at ever more affordable price points.

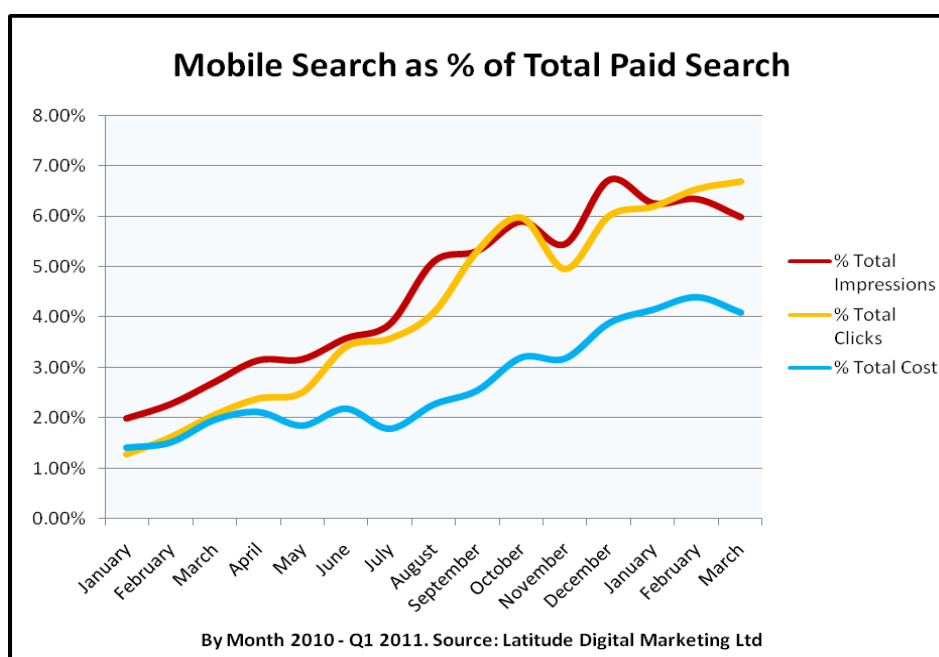
This paper asks if the trend has continued into 2011, or if Mobile Search is in danger of stalling.

Q1 Mobile Traffic & Spend

In January, Apple posted figures of 7.33 million iPad and 16.24 million iPhone sales for Q4 2010, while Android based Smartphones shipped a total 32.9 million units. Predictions for this year suggest 85% of new handsets will be able to access the mobile web. Lower tariffs & handset costs, faster internet connections, more choice and a better web experience are all prominent factors in driving the growth of mobile internet.

The remarkable uptake of internet enabled mobile devices has fuelled continued growth in mobile search. Mobile finished on a high in 2010, accounting for approximately 6% of total paid search click volume and 3.9% of total click costs across all sectors last December. Google report that 23% of all time accessing the internet is now done through mobile, with 50% of all mobile web visits starting with a browser search. In Q1 2011, Latitude has seen this upward trend continue across paid search.

Chart 1: Jan 2010-Mar 2011 Latitude Mobile Paid Search share on Google



The first quarter of 2011 saw Mobile Paid Search impressions level out at approximately 6% of total ad impressions, falling slightly from a peak of 6.7% in December 2010. This statistic in isolation might imply Mobile search is nearing saturation, however Mobile click volumes have continued to increase, reaching 6.7% of total Paid Search click volume in March.

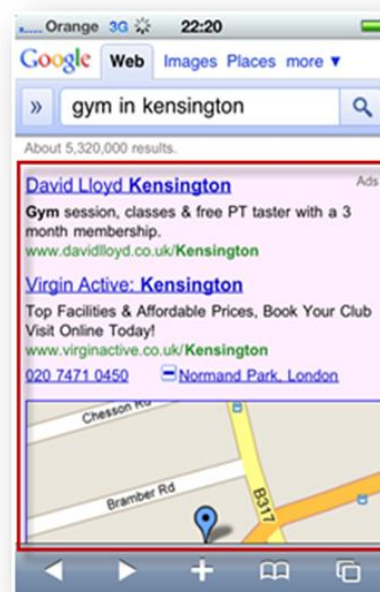
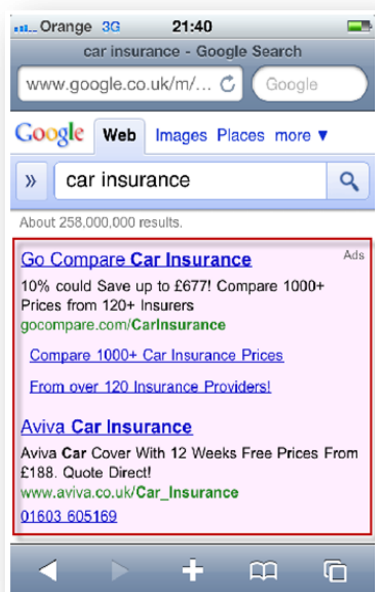
This trend reflects rising click through rates resulting from refined targeting by marketers, and increased consumer engagement with Mobile as a search medium. Mobile ads continue to see significantly higher CTR than Desktop, rising to 4.9% in March compared to 3.3% for desktop.

The format of SERPs on mobile devices helps to ensure that this trend will continue. Google continue to innovate with superb ad extension options for advertisers, including;

- Click to call. *Telephone number displayed in blue beneath ad, user calls with one click.*
- Single line and two line sitelinks. *Deep link to relevant web pages.*
- Click to download. *Link directly to App store / Android marketplace.*
- Hyperlocal extensions. *Drop down map with blue location pin showing distance from user.*

With ad extensions applied, the top two position paid search ads are able to occupy up to 70 -100% of the first fold. Advertisers are now taking full advantage of the opportunity to engage interactively with customers in a way that cannot be achieved through desktop.

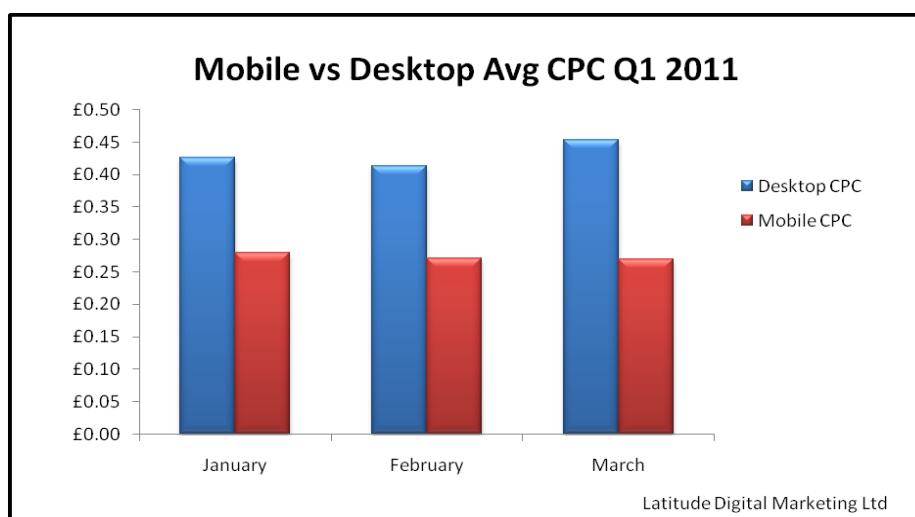
Figure 1: Two line sitelinks & click-to-call. Figure 2: Single line sitelinks. Figure 3: Location extension & click-to-call.



The proportion of overall marketing budget invested in Mobile also continued to increase through Q1, reaching approximately 4.4% of total ad spend in February, before falling slightly in March. The fall in proportional cost for Mobile in March coincides with a drop in Mobile CPC, and an increase in desktop CPC; it must be noted that this trend is not consistent across all sectors.

On the whole though, Mobile click costs declined slightly throughout the quarter, and remained on average 37% lower than desktop. As following sections of this report will illustrate, trends do vary by sector, but for now Mobile continues to offer most advertisers a low cost means to drive incremental web traffic.

Chart 2: Mobile vs Desktop Average CPC Jan – Mar 2011



Sector and Visitor trends

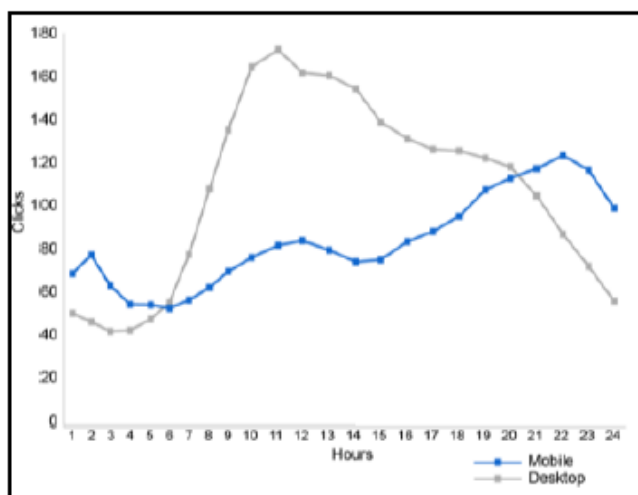
We have highlighted in previous reports that mobile search trends vary by time of day, peaking in evening hours when desktop activity falls. This complimentary trend also continues across the week, with mobile users most active during the weekend period when desktop based search volume declines.



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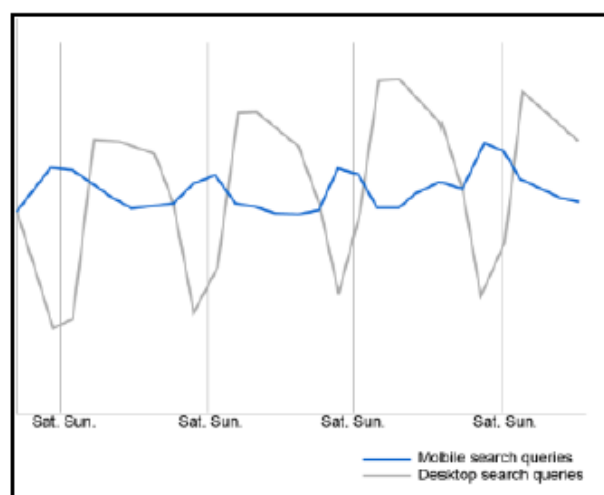
Daily View

Desktop Searches vs. Mobile Searches



Weekly View

Desktop Searches vs. Mobile Searches



Source: Citi Investment Research and Analysis; iCrossing Mobile
U.S. Google Internal Data, 2010

Mobile activity fills in periods between desktop access. Social and Entertainment pursuits feature heavily during leisure time, while Mobile Search centres around information and acquisition when the user is about to act – product research, vendor location, and price comparison all feature as top Mobile search activities. Put into context, a typical Smartphone user’s day might include;

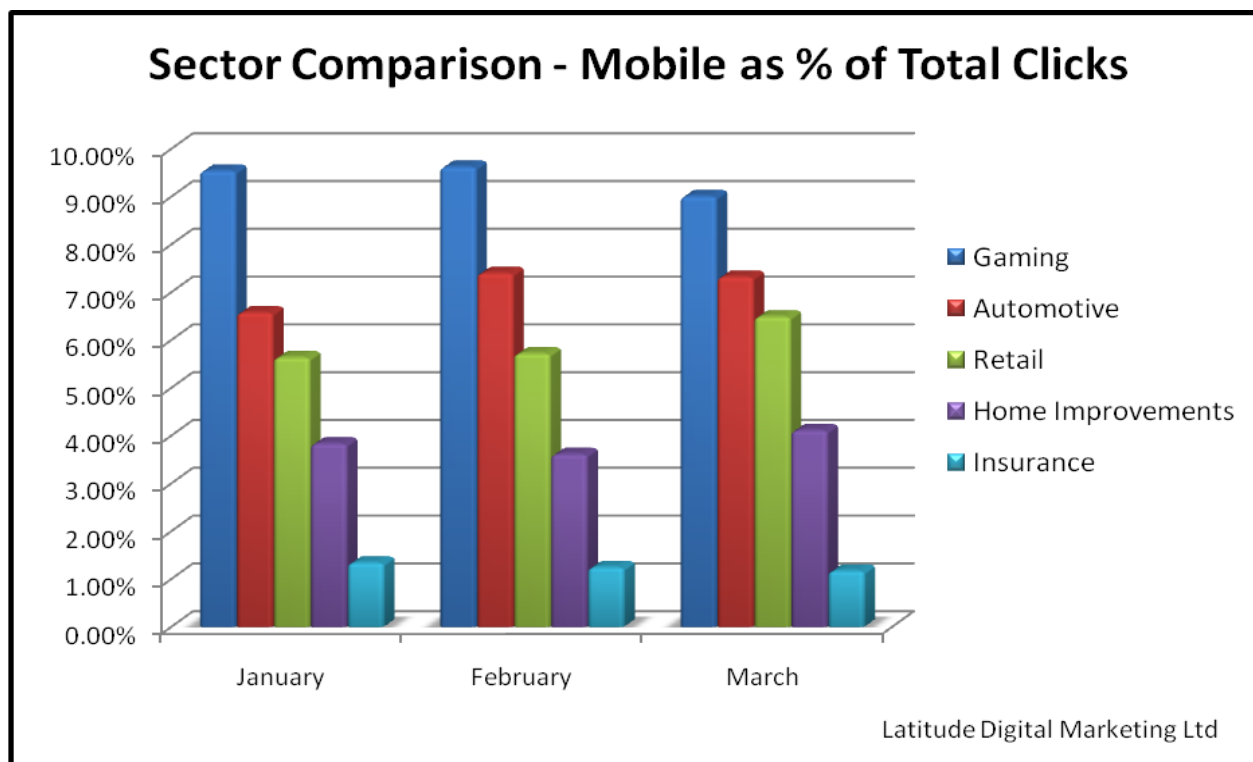


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It is essential to reach mobile users at the moment they are ready to act, and Mobile is helping online advertisers to be present at that precise moment. The most effective methods of targeting PPC campaigns naturally vary from sector to sector, but all sectors have an opportunity to increase engagement with their audience through Mobile. The following charts highlight the contribution that Mobile can make to traffic volume for websites.

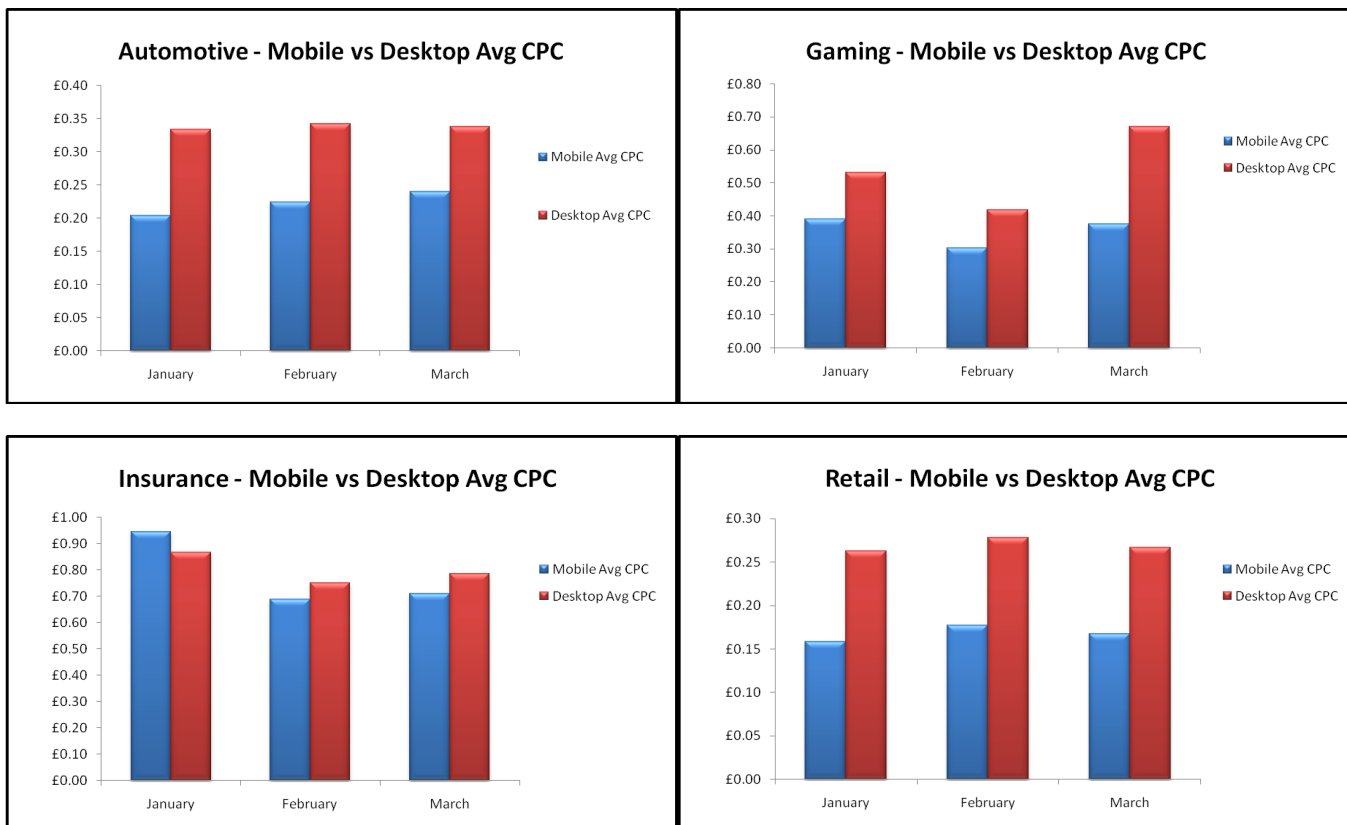
Chart 2: Mobile as % of total paid search Jan – Mar 2011 by sector



The opportunity to connect with customers during leisure time is clearly a boon for Gaming operators, with up to 9.5% of total paid search clicks coming from Mobile. Automotive businesses are capitalising on the location strengths of Mobile to boost test drive and repair bookings (7.4% clicks), while Retailers are able to promote local stores and m-commerce sites equally to acquire customers (6.5% clicks).

In contrast Insurance saw only 1.3% of clicks coming from Mobile and received lower click through rates than other sectors. Fierce competition for top ad positions is certainly a factor here, with significant drop-off in CTR for ads falling into positions 3 to 5 below the organic listings in SERPs. It is also possible that smaller keypads and access to documents are obstacles to quote acquisition on Mobile devices. Click to call however is one ad feature that can help marketers to overcome these obstacles.

Chart 3: Mobile vs Desktop average CPC Jan – Mar 2011 by sector



There is significant variance in average CPC between sectors. Through the first quarter of 2011 Automotive saw Mobile CPC gradually increase, however click costs still remained 29% cheaper than desktop.

Retailers continue to enjoy substantial arbitrage opportunities, with Mobile clicks 37% cheaper than desktop in March.

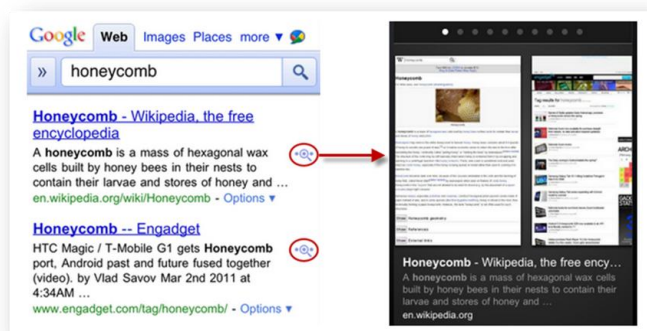
Mobile CPC has recently increased for Gaming advertisers, however desktop CPC has increased more rapidly, meaning Mobile CPCs in March became 44% lower than desktop.

Insurance stands out as the most competitive sector in terms of click costs. With a lower proportion of Paid Search impressions coming through Mobile in this sector, bids for top ad positions are aggressive, and Mobile CPC actually exceeded desktop in January.

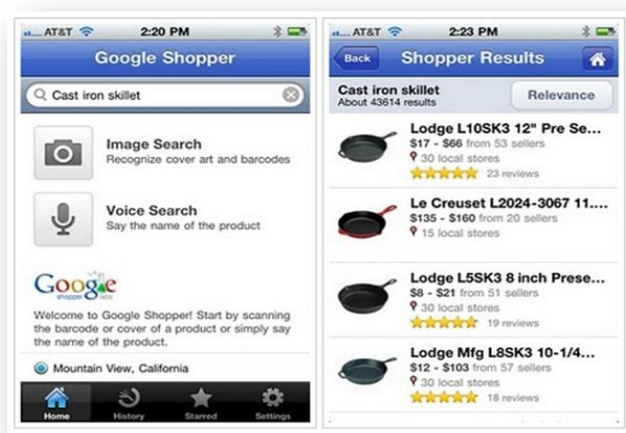
Google Developments for Mobile Q1 2011

Far from stalling, Mobile search continued to see healthy growth through Quarter 1. Google still dominate the landscape with a reported 97% share of Mobile search, and the search giant continues to entice users and advertisers alike onto the channel with a steady flow of new features designed to improve the Mobile experience.

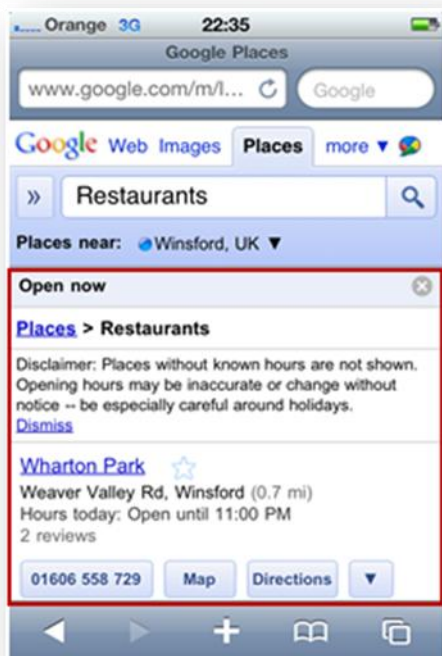
- Instant Previews: Like Desktop search, Mobile SERPs now feature a magnifying glass next to the results for a website preview.



- Google Shopper for iPhone released February. Read reviews, ratings, and compare prices while in your local high street store.



- “Open Now” search feature available on google.com – lets user see results for local businesses open at the time of the search.



Quarter 1 2011 – What’s new for mobile SEO?

Mobile SEO Ranking Positions

It has been reported that Google desktop organic search results can vary by about 86% to mobile search results. This would be due to mobile search engines using different algorithms and bots, in addition to Google providing an increase in local results on the handset. Significant differences in ranking positions appear to be more prevalent after the top 20 positions.

Research suggests that mobile search engines place further emphasis upon bounce rate. When a website doesn’t render well on a handset, visitors will quickly leave and in turn the site will experience an increase in bounce rate and a drop in ranking positions.

A small change in ranking positions will appear far more noticeable on a handset due to the small screen size. Desktop monitors display the majority of Google’s 10 listings per page (dependant on resolution), whereas with a smartphone users are limited to approximately three to four listings at a time and just one when PPC ads are present.

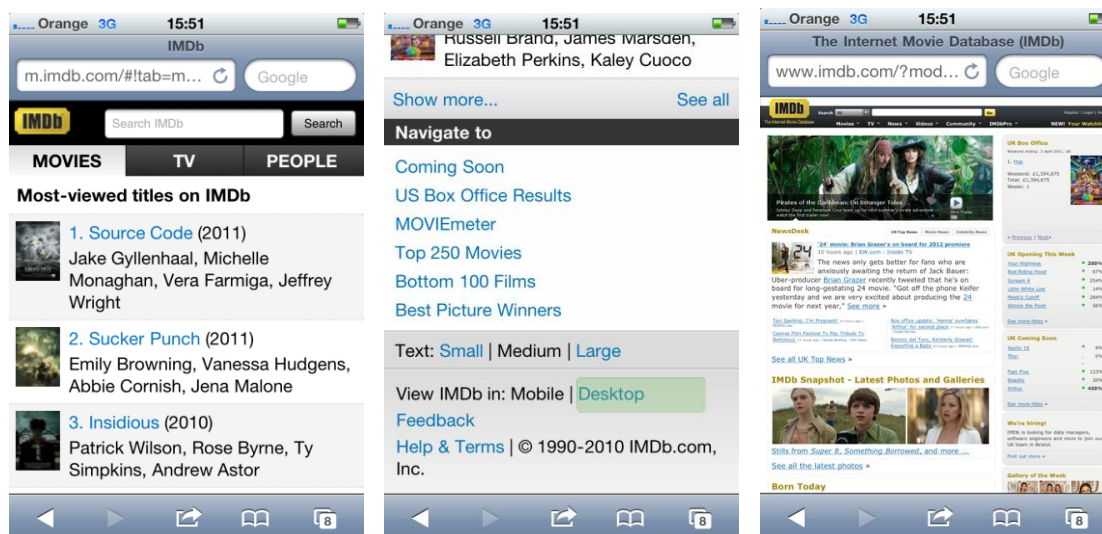
Organic Listings: Desktop vs Mobile:



Top tips for Developing a Mobile Website

An effective strategy many companies opt for is the development of a separate mobile website which is in effect, a stripped down version of the desktop site. This microsite offers streamlined information for fast access from mobile devices.

The choice should always be provided to visitors as to whether they wish to view the mobile site or the desktop site. An example of a mobile website adhering to this practice is www.imdb.com. When accessed via a handset the mobile version of the site (<http://m.imdb.com>) is served:



In the first image above we can see the mobile version of IMDb where a visitor short on time may simply wish to view the rating of a film.

At the foot of the page is the option to view the desktop version where a user relaxing at home may wish to read further details about a film and visit the message boards.

Device Detection

A wide variety of handsets and different operating systems including android and iOS (apple) are currently available. A mobile website may render differently dependant on which device and operating system is used. Ensure that your mobile site is served to your target audience through the recognition of correct User-Agent headers.

To have the ability to test each and every device and operating system would be costly and most unlikely therefore it would be recommended to test your site on the various online emulators currently available in addition to requesting that friends, family and colleagues with a variety of handsets to also take a look.

Design

Consider the following important factors when designing a mobile website:

- **Prioritise Content**

Mobile searchers browse with purpose. Unnecessary content should be removed. Stick to bullet points and attention grabbing headlines. The mobile site should be simple and to the point.

- **Fluid Layout**

Note that there is a wide range of screen resolutions currently available. Handsets can be purchased with screen resolutions of 128 x 160 pixels to 480 x 800 pixels. To ensure that the mobile site is displayed correctly across various resolutions – use a fluid layout.

- **White Space**

A mobile user could be viewing the mobile site at arm's length, in various environments and lighting conditions – avoid potential issues with glare and contrast by sticking to dark text on a light background which is clear to read.

- **Large Buttons**

Mobile devices are often held in one hand with the thumb used for navigation. Small, fiddly buttons are difficult to click and for this reason text links should always be avoided for important calls to action. Ensure that conversion buttons are large and distinctly coloured.

Apple reports that the average size of a finger tap on the iPhone is 44px x 44px:



Should smaller buttons be preferred in the design; extra padding should be used so that the 'clickable' area remains a reasonable size.

- **Easy To Convert**

Whatever the purpose of the website be it a signup, purchase or comment - it should be as easy as possible to action. Mobile users find filling in forms fiddly and complicated. The less typing and clicks required the better. Label forms in HTML5 to serve the correct numerical or alphabetic keypad and use check boxes, lists and scroll menus for ease of data input as illustrated below:



An additional point to consider is what to place at the very foot of the site. Whilst the top of the screen is and always will be a prime location for ads and clicks – don't forget smartphone users who like to scroll and frequently find themselves right at the bottom of a site. Could this be an additional area to include an advert or area of interest?

On Page Optimisation

Follow traditional SEO best practice; place major keywords in the page titles, H1's and body text and use keyword rich anchor text for internal contextual linking.

Don't concentrate greatly on using longer tail keyword phrases. Research indicates that mobile searchers use on average two to three words when performing a search query. It is also a good idea to include location with highly competitive phrases to take advantage of localised listings

Get Indexed

Mobile search engines need to know about a site in order to index it. Submit mobile websites to the major mobile search engines to enable quick spidering.

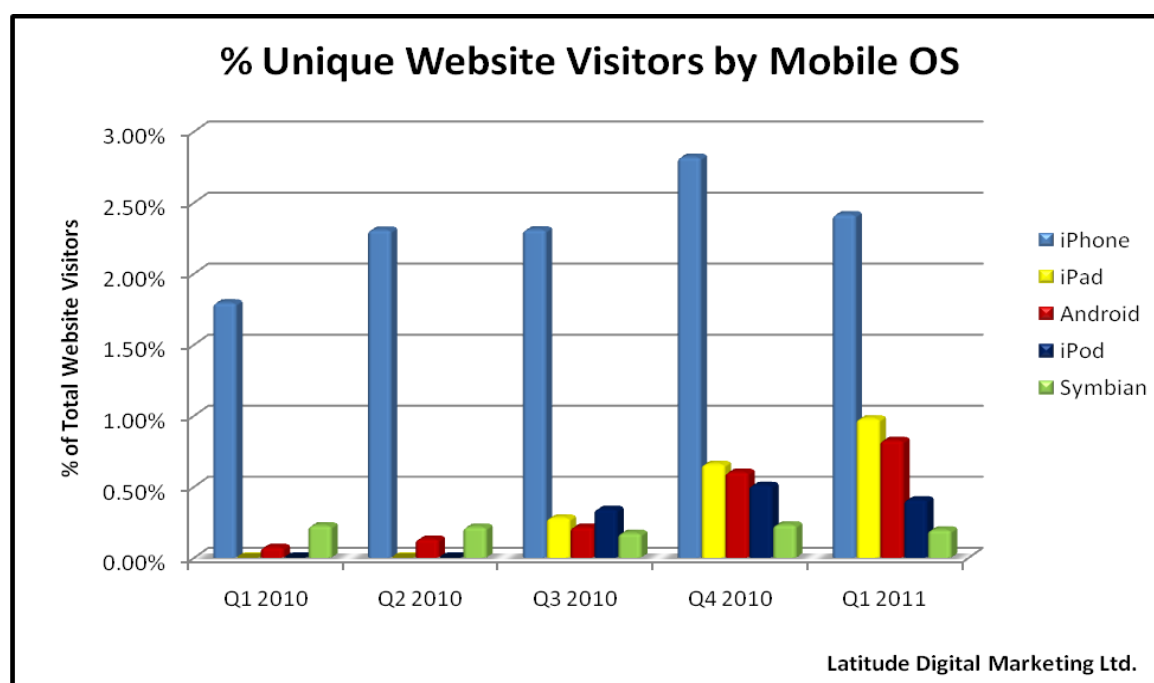
Mobile Sitemaps

Create a mobile sitemap and submit it to search engine webmaster tools to improve the crawlability of mobile search engines to the deeper pages of the site. This is implemented much in the same way as submitting a desktop website sitemap. Google Webmaster Central details thorough instructions.

Predictions for Q2 2011

We anticipate that Mobile search volumes will continue to increase through Q2. In Q1 2011 Android device sales in the UK overtook the iPhone for the first time, and Android OS based handsets are expected to fuel the continued growth next quarter. Examining statistics for website visitor operating systems, we find that Android popularity has risen substantially over the past two quarters, now accounting for 0.83% of visitors compared to 0.07% in Q1 2010.

Chart 4: Website visitors by OS as % of total visitors Jan 2010 – Mar 2011



iPad search volumes will also continue to rise. Consumer uptake of this tablet device over the three quarters since launch has been remarkable, with iPad visits already accounting for approximately 1% of total website visits. The March release of the iPad2 will help to ensure consumer interest in tablets remains high.

iPhone visitors fell slightly in Q1 2011 to 2.42% of total, however we have a possible Summer releases of the iPhone 5 and the new 'iPhone nano' to look forward to – Apple's answer to low cost Android offerings will surely boost Mobile web use in a similar way to the iPhone 4 release last Summer.

Top Mobile PPC Tips:



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- Use device targeting options to target Android, iPhone and iPad separately, and tailor creative messaging to each device.
- Use Analytics to identify the times of day and week when Mobile users are most active on your website. Implement ad scheduling to ensure your ads are prominent at those times.
- Employ ad extensions wherever possible to maximise ad visibility and click through rate; be sure not to target iPads / iPods with 'click to call'.

How to get in touch

To take the next step to success and receive a FREE audit of your mobile marketing strategy, contact mike.kirwan@latitudegroup.com now.