

# Mobile ads' promise eludes Facebook, other businesses

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Mobile ads are the Holy Grail of revenue for anyone with a social-media plan.

The market for the ads that dot smartphone and tablet screens is expected to soar to \$10.8 billion in U.S. sales by 2016, from \$2.6 billion expected this year, according to research firm eMarketer. That's a tiny slice of the \$169.5 billion market for media ad spending in the U.S.

Yet [mobile ads](#) are crucial to the growth of many companies, including newly public Facebook, though few businesses have been able to capitalize on the promise.

Some speculate that the popularity of such devices, in part, comes from their lack of ads. Others think the larger screen expected on Apple's forthcoming [iPhone](#) is a concession to demands for extra space to accommodate content and ads.

"It underscores the importance of real estate on (mobile) screens," said John Faith, senior vice president of mobile at Whale Shark Media, a leader in online coupons and deals.

Mobile Web traffic is up 35 percent in less than a year, while all Web-browser use on Windows-based PCs declined 10 percent in a six-month period from 2011 to 2012, says [market researcher](#) Chitika Insights. About 20 percent of traffic comes from tablets and smartphones, it says. Retailers such as Target, [Best Buy](#) and Macy's have noticed, and are

charging into mobile ads, which will become staples as millions ditch PCs for smartphones and tablets, ad experts say.

"Everyone 'gets' the implicit contract that free content comes with ads," said Raghu Kakarala, [senior vice president](#) of technology at Engauge, which has helped create mobile app features for Coca-Cola's MyCokeRewards and Chick-fil-A.

Sites such as Forbes have "optimized the mobile experience" with clean ads at the top or bottom of the screen, with content in middle.

[Google](#) has the early lead in the U.S. in monetizing mobile, with 51 percent of the market, largely due to its success with mobile search ads, said Noah Elkin, an eMarketer analyst. Phone numbers embedded in mobile ads on Google's click-to-call feature, for example, generate about 15 million calls per month.

Facebook barely registers yet, though the company has the potential to rake in \$2.54 billion from mobile advertising, according to Chitika. Facebook Sponsored Stories - an ad that appears on a member's [Facebook](#) page, and generally consists of a friend's name, profile picture and an advertiser the person "likes" - now appears in a user's mobile news feed.

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