The Mobile Ad Experience Matters To Your Media ROI

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Executive Summary

Mobile advertising is the rising star of the advertising industry. The opportunity for impressions is plentiful, as consumers' eyes are glued to mobile devices. And marketers are embracing them: The US investment in mobile advertising is poised to increase at a compound annual growth rate (CAGR) of 24.5% over the next five years.[1] Yet results fall flat as marketers port existing desktop assets into mobile, resulting in ineffective ads that disrupt the consumer experience.

In April 2016, Celtra commissioned Forrester Consulting to evaluate the impact of a poor mobile advertising experience on consumers. Forrester tested the hypothesis that advertisers are wasting millions of dollars on ad spend each year due to poor consumer experiences with mobile ads.

Forrester conducted a survey of 1,000 consumers regarding their recent experiences and preferences toward mobile ads. Forrester also surveyed 100 advertising and marketing professionals from various US brands. Each company surveyed had 1,000 employees or more, with the largest percentage coming from companies of over 10,000 employees. Digital advertising budgets for these companies ranged up to and over $200 million. Forrester compared the results between the larger and smaller companies and found minimal differences based on company size. As such, the results of this study are an aggregate of all companies surveyed and reflect broader market trends.

Through this research, Forrester discovered that advertisers who make a concerted effort to focus on the creative of their mobile ads see improved customer response rates and higher brand recognition.

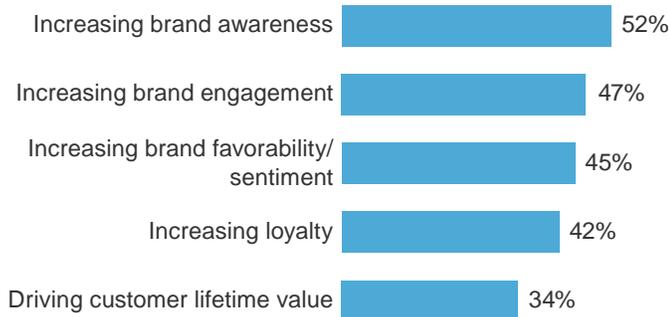## KEY FINDINGS

Forrester's study yielded three key findings:

› **Brands are struggling to achieve their mobile advertising objectives.** While advertisers set out to accomplish branding objectives via mobile ads, this study revealed that more than two-thirds of surveyed brand advertisers believe that at least half of their mobile advertising isn't successful in achieving their objectives.

› **Delivering poor mobile ads comes at a cost.** Delivering ads with a poor experience threatens brand results. What's at stake? Millions of media dollars wasted, sunk costs of ad development and creation, and harm to the brand image. And looking across the ad landscape broadly, poor mobile ad experiences threaten the advertising ecosystem itself, leading to an increased use of ad blocking technology and depriving publishers of the ability to monetize consumer traffic.

› **Improving ad creative will remedy the mobile ecosystem stalemate.** Mobile is an important ad channel, and brands are significantly more likely to achieve core brand and advertising objectives when providing consumers with positive mobile ad experiences. However, mobile today isn't used to its full potential, as a large portion of current mobile ad spend produces ineffective results. To move past this, marketers need to create ads that work — requiring a shift in strategic attention to ad creative. Ad creative includes everything from ad format to ad type to ad delivery. These should all be taken into account in order to create mobile ads that are more relevant, less disruptive, and more engaging.

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Today's Mobile Ads Fail Advertisers And Consumers

Forrester Research's forecast data predicts that by the end of 2017, 84% of the US population will own a mobile device (smartphone or tablet).[2] This high adoption of mobile devices represents a huge shift in consumer media time to mobile. It also makes mobile a key channel for companies aiming to capture consumer attention to promote their brand. Advertisers are taking note — and leveraging mobile to pursue a myriad of objectives. When asked what their key objectives are for mobile advertising, 52% of respondents said increasing brand awareness, 47% said increasing brand engagement, and 42% said driving customer loyalty (see Figure 1).

FIGURE 1

Mobile Ads Focus On Driving Brand Awareness

"What are your company's primary business objectives for mobile advertising?"
(Top five responses shown)

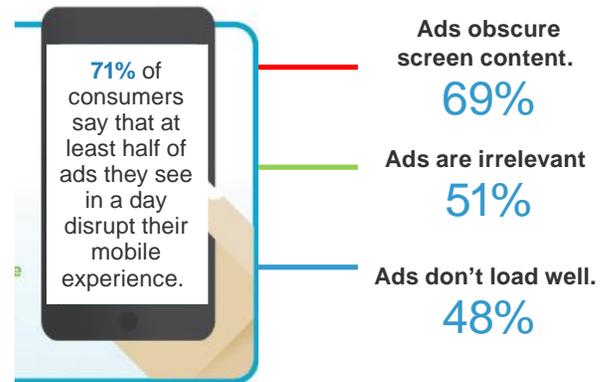|	
Increasing brand awareness	52%
Increasing brand engagement	47%
Increasing brand favorability/sentiment	45%
Increasing loyalty	42%
Driving customer lifetime value	34%

Base: 100 digital marketing and media planning decision-makers in North America

Source: A commissioned study conducted by Forrester Consulting on behalf of Celtra, April 2016

However, we found that more than 66% of brand advertisers believe that at least half of their mobile advertising isn't successful in achieving their goals. The failure of ads to deliver on brand objectives today reflects a shortcoming in these ads to connect with mobile users in a meaningful way. One factor at the root of this is poor mobile advertising experiences. Negative experiences can damage brand perception and lead to loss of future business. According to our custom survey of consumers, 73% of the mobile advertisements seen in a typical day fail to create a positive user experience. Consumers cited three top ways in

which a poor mobile ad experience is created: ads obscure screen content, ads are irrelevant, and ads don't load well (see Figure 2).

FIGURE 2

Top Ways In Which Mobile Ads Are Disruptive To Consumers

71% of consumers say that at least half of ads they see in a day disrupt their mobile experience.

Ads obscure screen content.
69%

Ads are irrelevant
51%

Ads don't load well.
48%

Base: 1,000 smartphone owners in North America who have seen a mobile advertisement in the past 30 days

Source: A commissioned study conducted by Forrester Consulting on behalf of Celtra, April 2016

TO THEIR DETRIMENT, ADVERTISERS DON'T PRIORITIZE CREATIVE

Given the reality that advertisers aren't creating positive user experiences with mobile ads today, it begs the question of why advertisers are missing the mark. In theory, they shouldn't be: Most advertisers surveyed said they have serious concerns about the potential impacts of creating ads that are annoying, irrelevant, interruptive, or repetitive. Yet few focus their ad efforts on the creative component. In fact, when we asked advertisers where they are putting the greatest strategic emphasis in their mobile campaigns, we found that ad creative/content assembly and ad placement were a No. 1 priority for only 24%, and 15% of companies, respectively.

> **Only 24% of companies place top priority on ad creative and content assembly when planning their mobile advertising strategy, to their detriment.**

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Delivering A Poor Mobile Ad Experience Comes At A Cost

The lack of positive sentiment that mobile advertisements carry today drives consumers to, at best, ignore the ads, or at worst, have a negative brand experience or even avoid future ads altogether through ad blockers. A recent Forrester report notes, "The overall digital content experience is littered with creatively uninspired ads, irrelevant ads, and intrusive ads with slow load times. . . . The consumer experience has gone terribly wrong." The result has been that "a quarter of the consuming public is blocking ads, depriving publishers of the ability to monetize on that portion of their audiences."[3]

Mobile advertising spend is expected to increase by 24.5% year over year through 2020.[4] This represents an increase from $24 billion in 2015 to over $72 billion in 2020. If ad spending continues to increase without an improvement in ad creative quality, the result will be an increased use of ad blockers by consumers, which could create longer-term issues that can damage the entire digital ecosystem. Advertisers will be under pressure to improve ad creative and serve up higher-quality ads or risk continuing the trend of low engagement rates and unsuccessful campaigns.
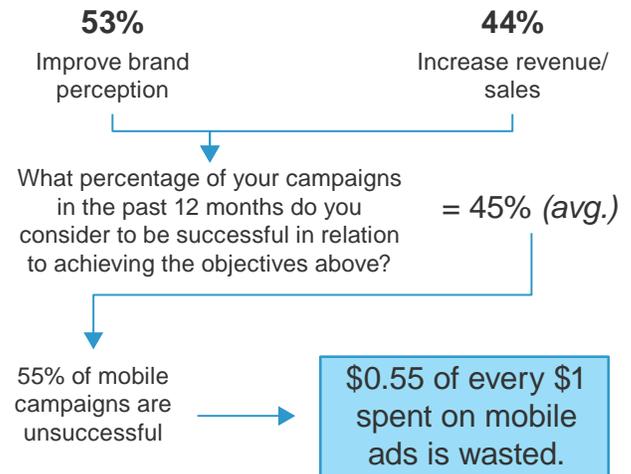
ADVERTISERS: YOU'RE WASTING YOUR DOLLARS ON BAD MOBILE ADS

Beyond the broader industry impact, delivering poor mobile ad experiences to consumers is also hurting each advertiser's bottom line. For every ad that gets delivered to a consumer, advertisers face a cost to create, target, and deliver it. If the ad then isn't effective due to a poor user experience, the media costs for placing that ad are wasted. From our survey, we found that brands believe that in order for a mobile ad campaign to be considered a success, an average of 49% of consumers need to have a positive experience with the ads. (We found slight differences based on campaign objectives — 53% for brand-focused objectives and 44% for revenue-focused objectives.) Given that criteria, advertisers estimated that, on average, 55% of mobile ad campaigns run in the past 12 months were unsuccessful. From a financial perspective, this means that $0.55 of every dollar spent is not producing tangible positive value for the organization (see Figure 3). When considering multimillion dollar ad budgets, this represents a significant amount of wasted spend caused by consumers not having a good experience with the mobile ads they encounter.

"What percent of consumers need to have a positive experience with an ad in order to have a material impact on the follow marketing objectives?"

53%
Improve brand perception

44%
Increase revenue/ sales

What percentage of your campaigns in the past 12 months do you consider to be successful in relation to achieving the objectives above?

= 45% *(avg.)*

55% of mobile campaigns are unsuccessful

$0.55 of every $1 spent on mobile ads is wasted.

Base: 100 digital marketing and media planning decision-makers in North America

Source: A commissioned study conducted by Forrester Consulting on behalf of Celtra, April 2016

NEGATIVE MOBILE AD EXPERIENCES CREATE LONG-TERM BRAND PERCEPTION ISSUES

Almost half of advertisers (46%) stated that they were most concerned about the damage to brand perception as a result of serving negative mobile experiences. Interestingly, when looking at advertisers based on company size, we found that those from larger companies (10,000 employees or more) were significantly more concerned about damage to brand perception, while those at smaller organizations had greater concerns about missing sales opportunities or wasted media spend (see Figure 4).

FIGURE 4
Negative Ad Experiences Damage Brand Perception

"Which potential impact of providing a negative mobile experience to consumers is your company most concerned about?"
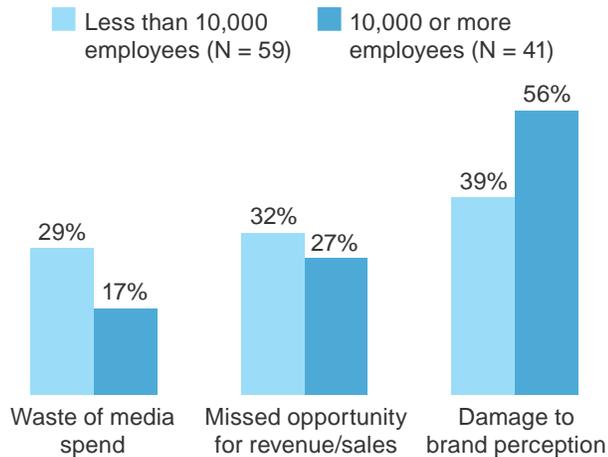
■ Less than 10,000 employees (N = 59)   ■ 10,000 or more employees (N = 41)

- Waste of media spend: 29% / 17%
- Missed opportunity for revenue/sales: 32% / 27%
- Damage to brand perception: 39% / 56%

Base: 100 digital marketing and media planning decision-makers in North America

Source: A commissioned study conducted by Forrester Consulting on behalf of Celtra, April 2016
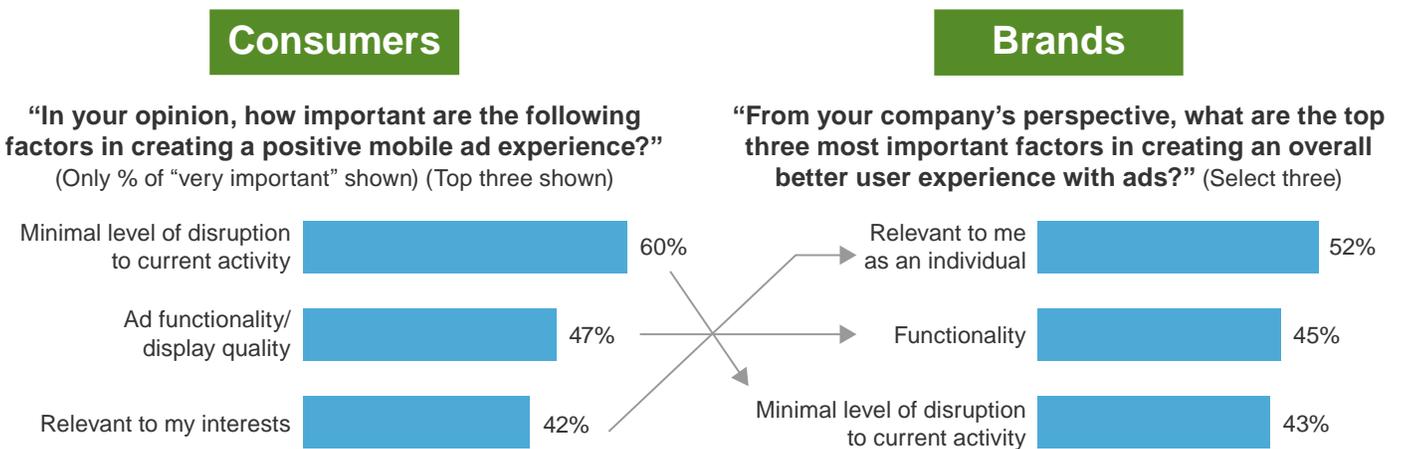
Your Mobile Ad Mandate: Give Ad Creative Its Due

Our survey found that only 27% of the ads consumers see in a typical day are creating a positive experience for their users — 30% elicit a negative response, and 43% elicit no emotional response. With brands stating that 49% of consumers need to have a positive experience with a mobile ad in order to accomplish campaign objectives, advertisers have some work to do.

The key to enabling advertisers to deliver better mobile ad experiences lies in acknowledging that ad creative is important and complex. It's more than just the message of the content — it encompasses ad type, ad creative unit, ad layout, and ad delivery. All of these pieces must work together in tandem to create a positive mobile ad experience. To determine how to optimize these components, we asked consumers to recall their most recent interaction with a mobile ad and identify for us what prompted them to engage with the ad. These mobile consumers identified three key creative factors that contribute to a positive ad experience (see Figure 5):

› **Disruption-minimizing formats.** Consumer ranked minimizing disruption as the most important factor for creating positive ads experiences, but only 43% of brands identified it as a top priority that they believe the consumers want. Advertisers should reevaluate their creative priorities and master the art of catching consumer

FIGURE 5
Advertisers Needs To Align Creative Priorities With Consumer Preferences

Consumers

"In your opinion, how important are the following factors in creating a positive mobile ad experience?"
(Only % of "very important" shown) (Top three shown)

- Minimal level of disruption to current activity: 60%
- Ad functionality/display quality: 47%
- Relevant to my interests: 42%

Brands

"From your company's perspective, what are the top three most important factors in creating an overall better user experience with ads?" (Select three)

- Relevant to me as an individual: 52%
- Functionality: 45%
- Minimal level of disruption to current activity: 43%

Base: 1,000 smartphone owners in North America who have seen a mobile advertisement in the past 30 days

Source: A commissioned study conducted by Forrester Consulting on behalf of Celtra, April 2016

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attention while not disrupting their current experience. To do this, match the ad format to the content it is delivered within vis-à-vis native ads. When advertisers were asked which ad format they believe fosters the best ad experience, 65% identified native ads as one of their top three formats, with 31% ranking it No. 1. And consumers agreed — ad formats native to the current mobile activity were the top preference for consumers as well. For example, a video ad will align with the video-watching consumer but may be highly disruptive for the news reader.

› **Relevant messaging**. Consumers' expectations for personalized and contextually relevant ad experiences are on the rise, and mobile ads aren't immune to these high expectations. When identifying the top factors in creating a positive mobile ad experience, 42% of consumers identified ad relevance as very important. Consumers will also respond best to ads that reach them at the right moment and with the right message. Advertisers should maximize the use of programmatic creative capabilities paired with first- and third-party data to do this. Factors such as weather and location are among those to consider to improve ad relevance.

› **Engaging content.** Consumers are used to tapping, swiping, and being entertained via content on their mobile devices, whether it's through watching engaging videos or playing games. These consumption habits should have an impact on the ad content that is delivered. In fact, 41% of consumers in the survey reported that video ads are

the No. 1 type of ad they would most prefer to see or engage with, and brands recognize this as well.

Forty-one percent of consumers report that video ads are the No. 1 type of mobile ad they would most prefer to see or engage with.
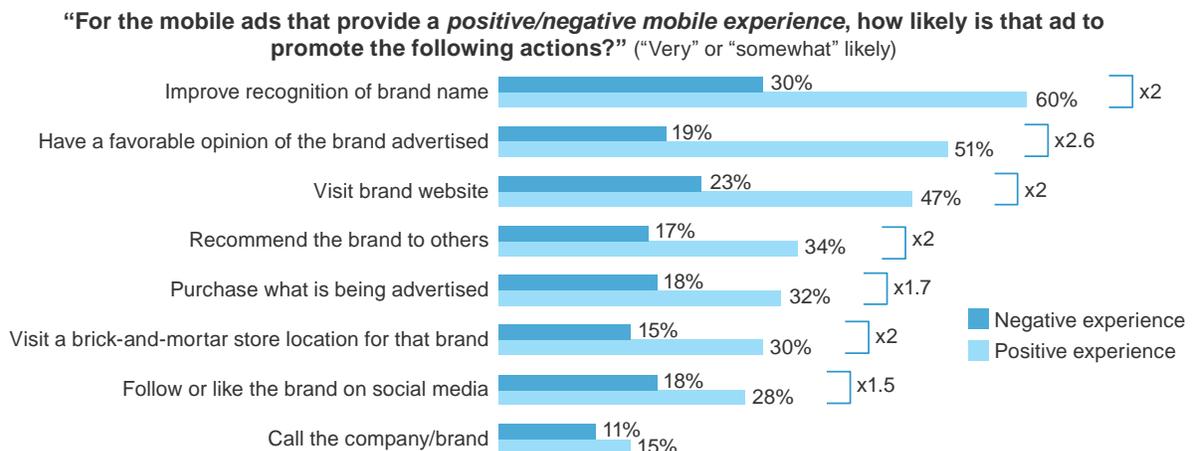
— Survey of 1,000 smartphone owners in North America

INVESTING IN MOBILE AD CREATIVE YIELDS POSITIVE BRAND RESULTS

In addition to reducing future waste on mobile ad spending, improved mobile ad experiences ultimately drive positive business outcomes. As brands focus on creating mobile ads that are more relevant, less disruptive, and more engaging, consumers' experiences with mobile ads will improve. This will drive greater marketing success by improving key marketing metrics such as improved brand recognition, improved brand sentiment, greater levels of consumer engagement, and increased consumer loyalty. And the benefit isn't minimal: Five of the eight brand metrics we reviewed saw more than a 100% increase, including those most crucial to brand advertisers. These include improving brand recognition, visiting brand websites, and improving brand favorability, which more than doubled (see Figure 6).

FIGURE 6
Positive Mobile Ad Experiences Are Significantly More Likely to Drive Consumer Action

"For the mobile ads that provide a *positive/negative mobile experience*, how likely is that ad to promote the following actions?" ("Very" or "somewhat" likely)

Action	Negative experience	Positive experience	Multiplier
Improve recognition of brand name	30%	60%	x2
Have a favorable opinion of the brand advertised	19%	51%	x2.6
Visit brand website	23%	47%	x2
Recommend the brand to others	17%	34%	x2
Purchase what is being advertised	18%	32%	x1.7
Visit a brick-and-mortar store location for that brand	15%	30%	x2
Follow or like the brand on social media	18%	28%	x1.5
Call the company/brand	11%	15%	

Base: 1,000 smartphone owners in North America who have seen a mobile advertisement in the past 30 days
Source: A commissioned study conducted by Forrester Consulting on behalf of Celtra, April 2016

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Key Recommendations

There is no doubt: Today's mobile ads don't deliver on consumer or advertiser expectations. But the mandate for marketers is clear: Place strategic emphasis on creative to improve the customer experience. To deliver positive mobile ad experiences, marketers must focus on the following:

› **The right medium.** Mobile has introduced new content consumption patterns. Consumers are more likely to view short-form video content, use the in-app environment, play games, and be task oriented. The result is short attention spans and the expectation for tactical interactivity. As such, marketers, take note: The same advertising formats that you use for desktop won't work. It's time to quickly build your mobile advertising creative capabilities and be willing to invest in them. Once your marketing message is intact, focus on the impact of the following factors: the format and how "native" it will be to the environment it is displayed in; the creative and how integrated into the published environment you can make it; and the interactivity of the ad and how it leverages the touch interface of the mobile device to drive engagement and action.

› **The right delivery.** Paramount to user frustration with mobile ads today is the disruption of the experience due to technical factors such as slow load times. To fix this, work with your ad vendor to ensure that creative has been optimized to render on mobile. Audit creative for fast-loading speeds and performance, and confirm whether your partner can help you automatically resize and recode the format to render optimally across whichever device and ad unit it is delivered to.

› **The right moment.** Advertisers today are allocating much of their strategic attention to audience targeting. In fact, 55% of companies surveyed ranked audience targeting as the No. 1 area where they are putting strategic attention. In addition to the high creative emphasis required for mobile advertising, standards for targeting are high as well. To match consumer expectations, targeting must go beyond the basic, demographic-level targeting. It must incorporate real-time, contextual factors to reach consumers when they are likely to act versus interrupting a time-sensitive task. This is possible because mobile devices produce an abundance of data that can be used to target (such as mobile phone camera data, GPS/location data, accelerometers, and gyroscopes). This data can then be used to optimize the message and creative delivery as well, for example, through programmatic, dynamic automation.
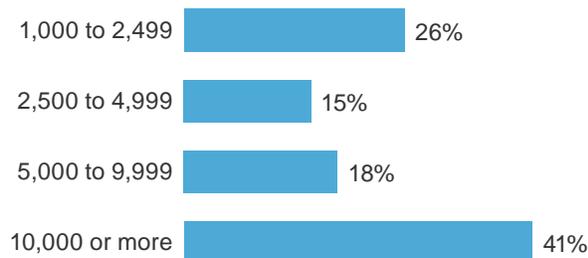
Appendix A: Methodology

In this study, Forrester conducted two surveys of: 1) advertisers and 2) consumers to understand the current landscape of mobile advertising. Forrester surveyed 100 advertising and marketing professionals from US brands with 1,000 employees or more, with the largest percentage of respondents from companies with over 10,000 employees. Digital advertising budgets for these companies ranged up to $200 million and above. Forrester compared the results between the larger and smaller companies and found no significant differences in the responses, except where called out specifically in the study. Survey participants included marketing/advertising decision-makers in manager, director, and VP positions. Forrester also surveyed 1,000 US consumers who currently own and operate a smartphone, from ages 18 to 47. Participants were asked to recall recent mobile ad experiences and answer questions about their preferences for mobile ads. All participants from both surveys were offered a small incentive as a thank you for time spent on the survey. The study was completed in April 2016.
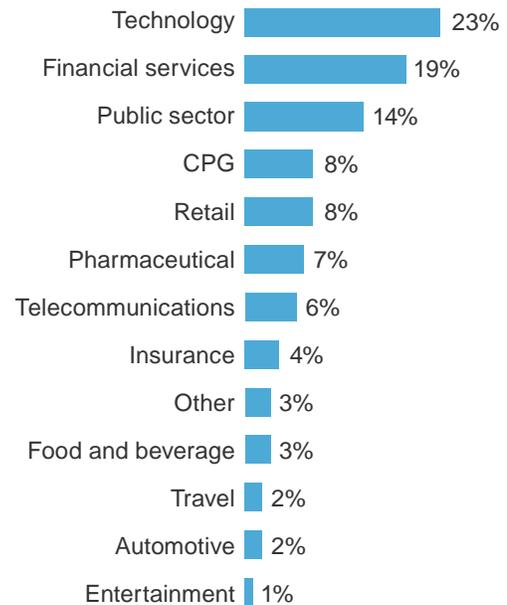
Appendix B: Survey Demographics

FIGURE 7
Advertiser Survey Demographics — Company Size And Industry

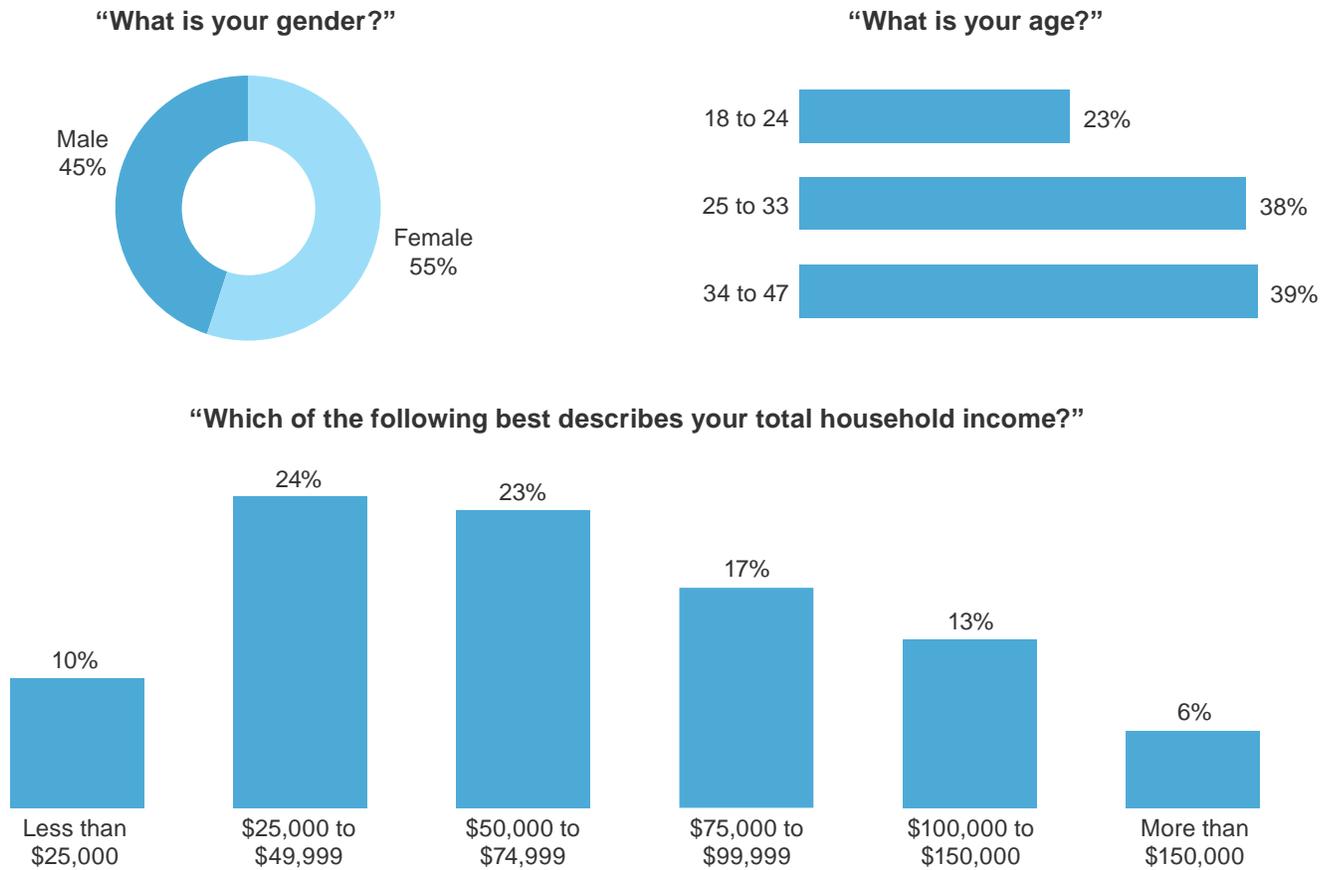**"Approximately how many employees work at your company worldwide?"**

1,000 to 2,499	26%
2,500 to 4,999	15%
5,000 to 9,999	18%
10,000 or more	41%

"Which of the following best describes the industry to which your company belongs?"

Technology	23%
Financial services	19%
Public sector	14%
CPG	8%
Retail	8%
Pharmaceutical	7%
Telecommunications	6%
Insurance	4%
Other	3%
Food and beverage	3%
Travel	2%
Automotive	2%
Entertainment	1%

Base: 100 digital marketing and media planning decision-makers in North America

Source: A commissioned study conducted by Forrester Consulting on behalf of Celtra, April 2016

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FIGURE 8

Consumer Survey Demographics — Gender, Age, And Income

"What is your gender?"

Male
45%

Female
55%

"What is your age?"

18 to 24	23%
25 to 33	38%
34 to 47	39%

"Which of the following best describes your total household income?"

Less than $25,000	$25,000 to $49,999	$50,000 to $74,999	$75,000 to $99,999	$100,000 to $150,000	More than $150,000
10%	24%	23%	17%	13%	6%

Base: 1,000 smartphone owners in North America who have seen a mobile advertisement in the past 30 days

("don't know"/"prefer not to answer" responses not shown)

Source: A commissioned study conducted by Forrester Consulting on behalf of Celtra, April 2016

Appendix C: Endnotes

[1] Source: Forrester Research Mobile Advertising Forecast, 2015 To 2020 (US), Forrester Research, Inc.

[2] Source: Forrester Research Mobile Advertising Forecast, 2015 To 2020 (US), Forrester Research, Inc.

[3] Source: "Ad Blockers Rock The Media Ecosystem," Forrester Research, Inc., May 10, 2016.

[4] Source: Forrester Research Mobile Advertising Forecast, 2015 To 2020 (US), Forrester Research, Inc.

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