Location-based Mobile Ad: A Lesson From Japan

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Cirius Technologies, Inc.

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Introducing speakers

Gen Miyazawa

• Founder and CEO
• Established the company in 2004 after graduating The University of Tokyo.
• Authored 3 books such as “Mobile 2.0”, published in Japan.

Ren Ando

• Director, Product Development
• Responsible for ad server product strategy, roadmap and engineering strategy.
• Previously worked on web product planning at Microsoft in Redmond.
A little about us...
About Cirius Technologies, Inc.

- A mobile ad technology company.
- Founded in 2004 in Tokyo.
- Running a few mobile advertisement platforms including “AdLocal”.
- AdLocal is a location-based mobile advertising service using GPS and Cell-IDs.
Tell us a little about you…

‣ How familiar are you with the Japanese market?
‣ Any specific impression of the Japanese mobile market?
‣ Any specific topics you are interested in hearing today?
Agenda

1. Japanese mobile market trends
2. Japan’s rising mobile ad market
3. Location-based mobile ads and Case Studies
4. Opportunities for the European mobile market
Part I:
Japanese Mobile Market Trends
Overview Japanese mobile market from these aspects;

- Growth of the mobile population
- Paid contents
- E-commerce
- Video
- Real-world integration
- Trends in 2009
Japanese mobile market quick glance

✓ 90% of the subscribers use the mobile web.

✓ 90% on 3G by 2008.

✓ Almost 1/2 are GPS enabled phones.
Japan mobile subscriber growth

Mobile Subscriber Forecast (2004-2011)

Source: ROA Group
Mobile commerce market hit $10B

(Billions USD)

Source: Ministry of Internal Affairs and Communications
Popular mobile contents

(Millions USD)

- Others
- Wallpapers
- Fortune tellings
- Comic books
- Games
- Ring songs
- Ring tones

Source: Mobile Content Forum (July 2007)
Mobile Video and TV

TV watching (w/ digital TV tuner) and video sharing will soon become a top mobile entertainment.

You Tube on mobile

Nico Nico Video Sharing
IC wallets integrated with mobile phones

- 28.5 mil subscribers (as of Mar 31, 2008)
- Public transportations, supermarkets, vending machines
Why did the market grow so rapidly?

✓ Broad coverage of 3G network
✓ Flat-rate data plans
✓ Operators had more influence upon mobile ecosystem than in GSM markets.
Latest trends to promote mobile ad market expansion

✓ A new regulation to put GPS for all 3G phones
✓ Top 2 operators have integrated Google as default search
✓ Massive growth of "non-official" sites
Part II: Japanese Mobile Ad Market
Overview Japanese Mobile Ad Market from the aspects below;

- Market size
- Structural characteristics
- Compensation models
Mobile ad growth forecast in Japan

Source: Dentsu Inc., 2007
Large "mobile / total" ad spend ratio

Japan ad spending, 2007
(Millions USD)

US ad spending, 2007
(Millions USD)

Source: Dentsu Inc., Feb 2008
Source: eMarketer, Mar 2008
Large spending on display and search ads

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(Millions USD)

Source: Dentsu Inc., Feb 2008 eMarketer, Mar 2008
Preferred compensation models among advertisers

Source: D2 Communications (May 2007)
Sponsored listings are growing rapidly
Part III:
Location-based mobile ads and Case Studies
The location-based mobile ad platform

- Cirius Technologies has started operating the location-based mobile ad platform since 2006.

- The facts and case studies here are all based on our experience on AdLocal.
Location Based Ad Service "AdLocal"

Example AdLocal displayed at Stanford

Target range  Advertiser
How AdLocal works

Advertisers

Ad
Campaign

User’s
Location

Publishers

Operators

Ads are inserted

Landing Page or Click-To-Call

Mobile Phone
Examples of Advertisers

Most successful categories of advertisers:

- Food & Restaurant
- Educational Institutions
- Local Jobs and Employment
- Beauty salons
- Car dealers
Strong publisher network in Japan
Proved performance for advertisers

395% Greater CTR

Non-Local Ads       Local Ads

(Average CTR for 12 month from mid-2007 to mid-2008)
Proved performance for publishers

826% Greater CPM

(Average CPM for 12 month from mid-2007 to mid-2008)
Case Studies
Case Study 1: Pinpointing Market Areas

A car manufacturer targeted their ads to the areas near their dealers.

A fast food franchiser promoted their franchisees.
Case Study 2: A home tutoring company

Before: $1,000/student tutor hired

After using AdLocal: $300/student tutor hired

The tutoring company targeted university campuses.
Case Study 3: Simultaneous-ad campaign

Combined with a big screen advertising in downtown Tokyo, to promote a new album of a singer.

10,000 customers interacted with this campaign within 3 days.
Part IV: Opportunities for the European mobile market
Growing GPS enabled phones
Printed local ads to shift mobile

Print Ad Spending

Newspaper Inserts
Flyers
Free paper
Free magazines
Yellowpage ads

Print Advertising To Mobile
Potential partners

- Mobile content providers (especially LBS)
- Mobile network operators
- Handset manufacturers
- PND manufacturers
Content Providers

Monetize mobile apps and contents.
Operators

 Operators can enable AdLocal platform in their markets
  • By providing Cell-IDs to the publishers in their ad network
  • No GPS-phone required
Handset Manufacturers

Monetize pre-installed apps with local ads

Widgets

Apps
PND manufacturers

- Another monetizing vehicle or value-add for PNDs
- Distribute coupons
Our New International Product is Coming Soon in Spring 2009
Please contact us at:
info@ciri.us

Our temporary international site:
http://www.cirius.co.jp/en

New international site:
http://ciri.us (from mid-Nov)
APPENDIX
Comparison To Contextual Ads

*Roppongi and Azabu are two areas in Tokyo which are in the same market space.
Ad Impressions in Tokyo