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How mobile advertising, content and commerce is changing Brazil

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Emerging markets have experienced strong economical growth in the past several years, and four of the top five mobile markets are emerging markets: 1. China, 2. India, 3. U.S., 4. Russia, 5. Brazil.

According to Anatel, the Brazilian regulatory agency that oversees wireless carriers, Brazil leads in terms of Latin American mobile penetration: Brazil 92 percent, Colombia 88 percent, Chile 75 percent, Argentina 72 percent and Mexico 63 percent.

By the end of 2010, Brazil had 202 million mobile phones. Of those, 14.6 million were 3G-enabled phones. Anatel estimates that by the end of 2011, there will be 35.2 million 3G phones a 140 percent increase over the previous year.

One particular aspect of the Brazilian mobile market is that 80 percent of the phones there are prepaid. That, however, does not stop the growth of smartphones and mobile Internet access: carriers offer a variety of flexible and affordable data plans for prepaid phones.

Credit Suisse's report "Convergence 2010: The Wireless Web World" estimates that during 2009-15, the number of smartphones in Latin America will have increased by more than five-fold.

Mobile advertising's rapid growth

Double-digit growth is expected in all areas of the mobile industry, not only in device sales.

Several industry sources in Brazil indicate that in 2010, the monthly average mobile page views reached 250 million.

By early 2011, the number had doubled to an average of roughly 500 million page views per month from mobile devices. Figures should be significantly higher by year's end.

Until early 2010, the Brazilian mobile market hardware mix was mainly made up of low-end devices with limited resources.

The iPhone's arrival to market and the rapid growth of Android-based device sales has opened up a new stage for mobile marketing in the country.

Opportunities abound for marketers, brands and app developers: 2010 smartphone sales grew 279 percent compared to 2009, according to a Nielsen survey.

Companies such as HSBC, Procter & Gamble, Coca-Cola and Mitsubishi are just some examples of advertisers who incorporated mobile advertising to their media mix strategies in 2010. And they all have plans to expand investments.



The arrival of the latest mobile phone models will improve access and services.

Manufacturers are improving technology and carriers are making data plans more affordable. With increasing demand, the supply of phones and data plans will be improved.

Internet access via 3G modems and 3G smartphones is also on the rise.

According to a survey of Telebrasil (the Brazilian Association of Telecommunications), Internet connections from mobile devices grew 77.7 percent in the first quarter of 2011, jumping from 13.7 million to 24.4 million users.

This market evolution is driving mobile marketing investments.

Apps are tight

In 2010, Brazil's largest retail chain, the Po de Acar Group, launched the application "Po de Acar Delivery Mobile" for Android, BlackBerry, Windows Mobile and iOS.

With the app, consumers can shop for groceries, schedule a delivery time, and pay using a credit card. The solution was created by MobMidia, a PontoMobi group company.

"The mobile market is booming brands and advertising agencies know they cannot ignore it," said Leonardo Xavier, director of PontoMobi.

Consumers now have an array of choices they would not have imagined just a year ago.

"With the increasing number of smartphones and improvement in the quality of apps available in the Brazilian market, the user experience has improved significantly," said Jos Renato Mannis, founding partner of Mobint.

"People now have the habit of buying apps," he said.

Alexander Momma from TNS Research said that "even though technology is essential, in order to stand out from the crowd, brands must continue to improve the creative quality of their advertising and content.

"Yes, there is a heavy reliance on technology, but what is truly important is that companies need to find the best creative way to communicate with their audience via mobile devices."

New emerging consumer

As a result of the economical growth in emerging markets, hundreds of millions of consumers have now joined the ranks of the middle class, and they are in the market shopping for a smartphone, many of them for the first time in their lives.

The research institute, Ibope, revealed that at the end of 2010 Brazil had 73.7 million Internet users, and for a significant portion of those users the mobile phone is the most important and perhaps only gateway to Internet access.

Of those 73 million, 20 million are online shoppers, a 40 percent growth over the previous year.

In the first two quarters of 2010, business-to-consumer ecommerce revenue in Brazil was \$4 billion.

While still relatively small, ecommerce in Brazil is also seeing double digit growth year over year.

A breakdown of how Brazilians spend their time while online using their mobile devices shows that most of the time is spent in social media platforms, followed by email, search and news.

All this growth is reflected in marketing investments. According to eMarketer, in 2011 mobile ad spending in Brazil will reach \$ 175 million.

Tablet revolution: quantum leap

Brazilian President Dilma Rouseef visited China this past April. Among the many cooperation agreements and investment deals was Foxconn's announcement that it would start manufacturing the Apple iPad in Brazil in the third quarter of this year.

As part of the deal with Foxconn, the Brazilian government agreed to lower taxes levied on all tablets manufactured in the country. This will make the Apple iPad more affordable in Brazil by the end of 2011, in time for the holiday sales. An iPad in Brazil is twice more expensive than in the U.S.

By law, the lower taxes must be extended to all tablet manufacturers, making iPad competitors more affordable as well.

Several companies have already announced Android tablets available in Brazil in the third quarter for less than half the price of an iPad.

Add to this the fact that Brazil tends to have flexible and relatively affordable 3G options available to consumers. This will allow people to completely bypass the desktop and the notebook.

For many Brazilians, their first "computer" will be a 3G tablet and, for the first time, they will have constant on-demand access to the Internet.

This is a huge opportunity for advertisers and media companies. They will be able to tap into an enormous mass market that until recently could only be reached via TV.

Media concentration is severe in many emerging markets, with a few TV channels, magazines and newspapers dominating 90 percent of the viewership.

Now these players will have a formidable opponent in the tablet, when the middle and lower-middle classes switch from the TV to the small screen of the tablet, with its ease of use, apps universe and free content.

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