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Will Bigger iPhone Screens Mean More Ads?

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By Quentin Fottrell



The supersize screens Apple plans for its new iPhones may be better for watching movies, playing games, or reading e-books. But analysts say all that extra display space could come at a price: more ads.

Figuring out how to cram advertising onto smartphones without overwhelming the rest of the screen remains one of the great challenges for mobile apps, experts say. In fact, Facebook expressed such concerns in the prospectus for its IPO. But with Apple reportedly [increasing its iPhone screen](#) from 3.5 to 4 inches, there may create more options for mobile ads.



“Bigger screen translates to more real estate available for ads, making mobile ads more likely,” says Michael Pachter, managing director of equity research at Wedbush Securities.

Though Apple has yet to confirm whether the new device is in the works, tech analysts say the company’s main reason for wanting a bigger screen isn’t advertising, but to compete with Samsung’s Android models, which already boast displays as large as 5.3 inches. But the additional screen space may also lead to the development of new and creative ways to advertise. For one, bigger screens could allow for entertaining and dynamic mobile ads than the ones normally crammed to a small bar at the bottom of the screen, analysts say.

Andrew Seybold, an independent consultant in wireless technology in Santa Barbara, Ca., says companies are acutely aware that consumers have a limited attention span. To address that, he says they’ll likely employ more humor and viral videos. More space will mean “better ads,” he says.

There’s some urgency to solve the mobile ad problem given concerns about the decreasing effectiveness of online ads in general, experts say. The average “click through rate, a measure of how often users engage with ads, hovered at around 3% in the 1990s, 0.3% in the mid 2000s and, according to industry data, is now around 0.1%. GM cited the poor rate in its decision to abandon the company’s [\\$10 million Facebook](#) ad buy this week.

Marketing company Marin Software says click-through rates on tablets are 72%



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higher on Smartphones and 37% higher on tablets. In fact, Cowen & Co. analyst Jim Friedland estimates that Google could generate \$5.8 billion from mobile ads in 2012 from \$2.5 billion previously. This may be because unlike computer screens, which can display a handful of ads at once, cellphone screens generally only show one at a time – making it slightly more attention-grabbing to users.

Another reason: Smartphone users tend to be younger, more affluent and they are more predictable in their mobile habits. According to a study released this month from research group ComScore, mobile users who searched for financial information via their Smartphones tend to be aged 18-34 with 48% having an income of \$75,000 or over. ComScore found that 84% of mobile users clicked on weather apps, 74% on maps and 67% on news websites, which makes them easier to target with ads. But some anticipate the mobile rate will decline as well. "Consumers know where the ads appear and are quick to find the 'X' to close them," says Rick Singer, CEO of GreatApps.com.

Also read:

- [Facebook's First Move: Mobile Ads?](#)
- [The Rise of the Smartphone/Tablet Hybrid](#)
- [Are iPhones Losing their Cool?](#)



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