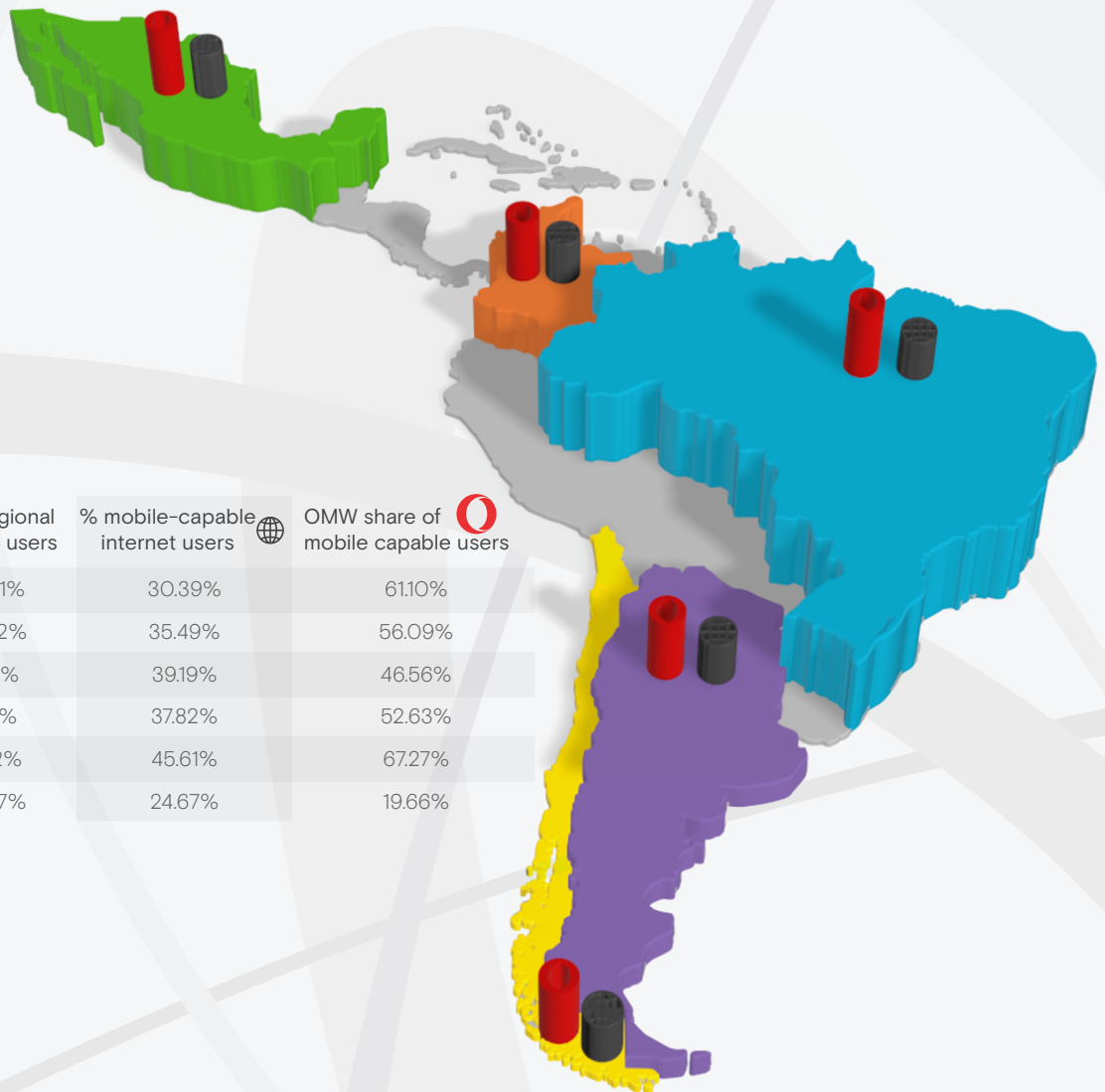




LatAm THE STATE OF MOBILE ADVERTISING - Q2, 2015

Among all of the markets in the mobile advertising space, Latin America is the fastest growing region. In the second quarter of 2015, Latin America (LatAm) took nearly an 8% market share of impressions, increasing its share of total impressions served by over 85%. (In Q2 2014, its share was 4%, and, in Q2 2015, it was 7.6%.)

In the second quarter, too, three LatAm countries – Mexico (no. 5), Brazil (no. 8) and Argentina (no. 10) – made it into the Top 10 countries by impression volume. Colombia and Chile rounded out the top five countries (LatAm T5) in the region for both unique users and impressions served. On a global scale, Latin America is truly beginning to make its mark.



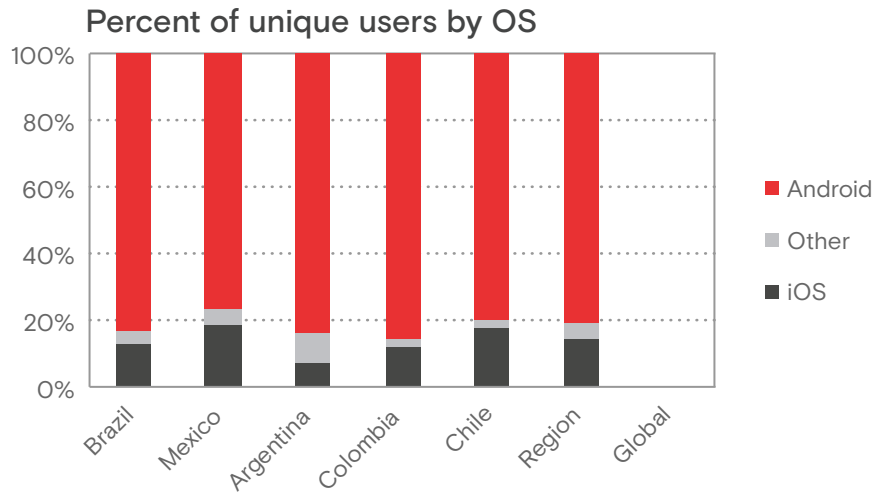
Population in LatAm T5
Region area heights are proportional to % of total population in LatAm

Country	% of regional population	% of regional internet users	% mobile-capable internet users 	OMW share of mobile capable users 
Brazil	32.47%	34.91%	30.39%	61.10%
Mexico	19.90%	20.72%	35.49%	56.09%
Colombia	7.86%	7.97%	39.19%	46.56%
Argentina	6.72%	7.41%	37.82%	52.63%
Chile	2.86%	3.02%	45.61%	67.27%
Other	30.19%	25.97%	24.67%	19.66%

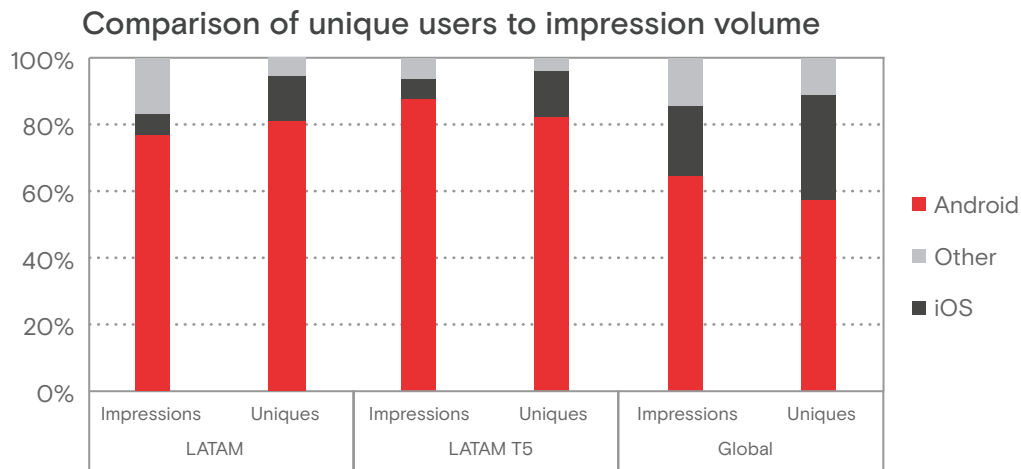
Android is # 1 in Latin America

More than 140 million mobile users in Latin America are using Android-powered smartphones, with Google’s OS capturing 80.7% of the market in Q2. Second was iOS, with 14.1% (19.8M users). Finally, 5.2% of mobile users are using “other” operating systems, such as BlackBerry, Windows, Symbian and Java.

Across the top five markets in Latin America, however, there is some variation. For instance, Mexico has a significantly higher adoption of iOS devices (at the expense of Android). Mobile users in Argentina use a wider variety of device operating systems and have a lower iOS adoption rate than that of the other countries in the region. However, in both of these cases, the use of iOS and “other” devices falls well below the global average. Compared with the rest of the world, Android is far more popular in Latin America.



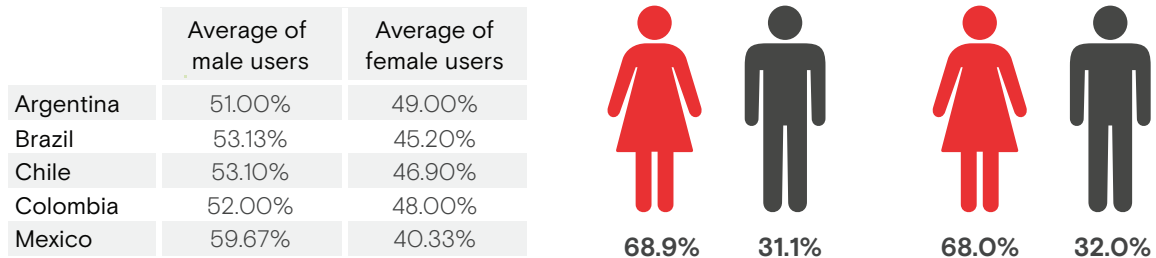
Another thing that sets Latin America apart from the rest of the world is that the number of impressions per user for operating systems other than Android and iOS (e.g., BlackBerry, Windows, Symbian and Java) is significantly higher than the global averages.



Who is the typical LatAm mobile user?

Demographics

Here is the gender breakdown of the Latin American mobile user base.



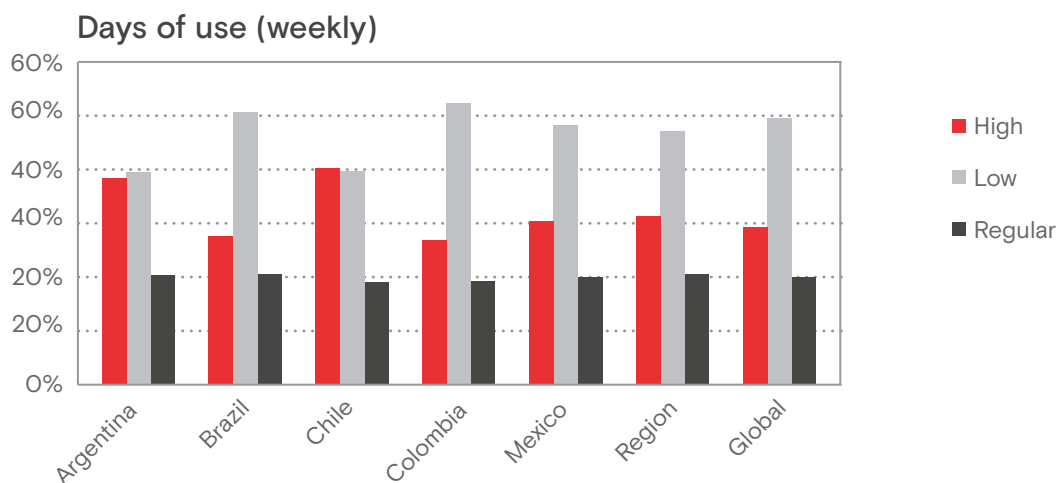
Frequency of use

When it comes to the number of days that mobile users are engaging with the mobile internet and their apps, LatAm users are very similar to the global audience.

However, within the top markets, Argentina and Chile contain more mobile users who are classified as “frequent,” which is defined as mobile engagement 5-7 days per week. In both of these countries, about 40% of their mobile users fall into this category.

Colombia, on the other hand, has the highest percentage of low-frequency users, or those who are active 1-2 days per week; a bit more than half (53%) of them are in this category.

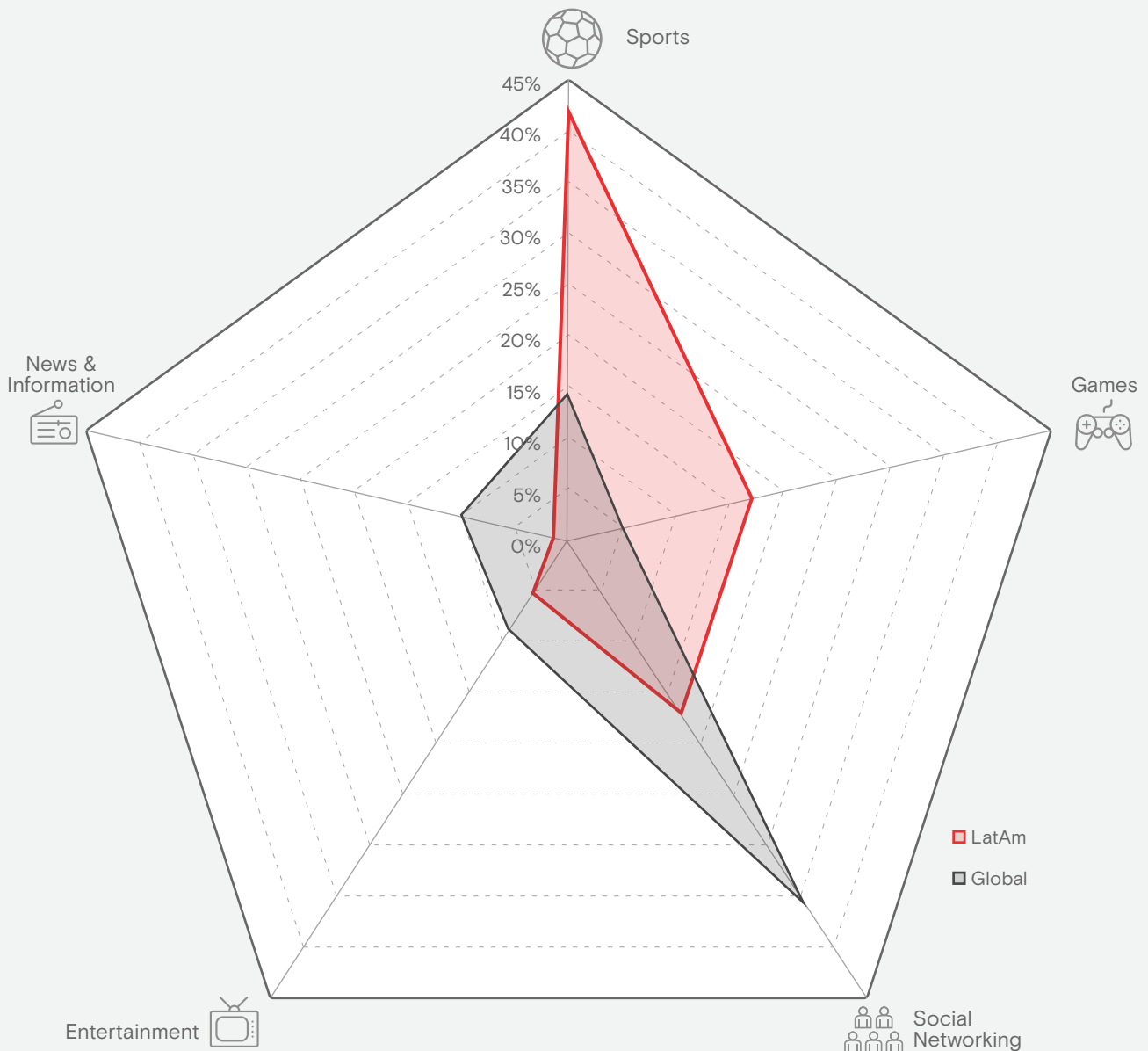
The “regular” users, or those who are active on their mobile devices 3 or 4 days each week, are evenly distributed across all countries in the region.



Top sites and apps

In LatAm, the top sites and apps by impression volume vary widely from what we see on a global level. When comparing the top four media categories globally with those categories within LatAm, just two categories are the same: Sports (no. 1) and Social Networking (no. 3).

Games is one of the top categories in the region, ranking second to Sports, but on a global scale is far lower (no. 7). Entertainment is no. 4 in LatAm but sixth globally. Music, Video & Media is in the fourth position across all markets but is no. 6 in this region.



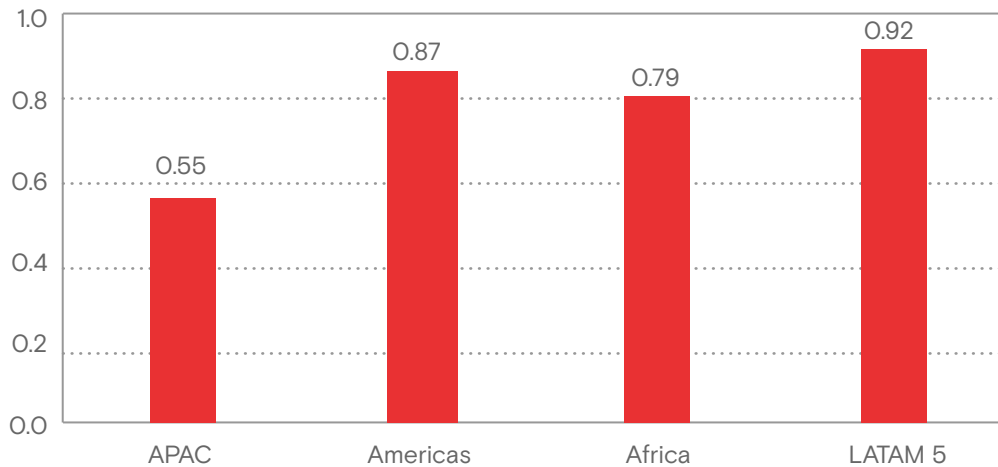
Monetization

Latin America leads all emerging markets

While the LatAm market has been growing aggressively, it still trails markets like North America and Western Europe in terms of monetization potential. However, within the top five markets in the region, the gap to the global average is closing.

To understand monetization potential, we compare the percentage of total revenue delivered to publishers with the percentage of total impressions. The resulting average across all markets is a ratio of 1:1. As seen in the chart below, when compared to other high-growth markets, Latin America leads in monetization potential in that it generates a revenue per impression that is close to the global average (1:0.92), leading both APAC and Africa by a significant margin.

Ratio of % of revenue to % of impressions
(Global average = 1:1)



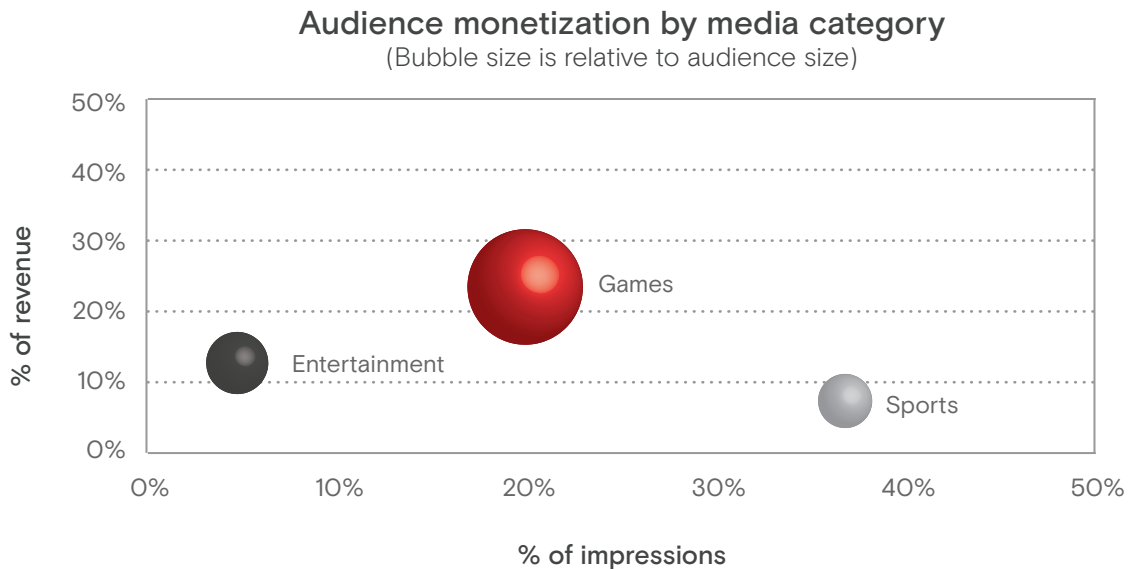
Entertainment, Games are highest earners

To find out how different kinds of mobile apps and sites are performing, we compared three categories: Sports, Games and Entertainment. (All three have a large LatAm audience size and impression volume, while also having the greatest disparity within our global market experience.)

As shown below, while Sports drives a high volume of impressions, it does not earn publishers a proportional amount of revenue. This is due to the fact that Sports users are more in a “need” state of mind; that is, they are seeking quick information, such as sports scores, and are less likely to engage with content that is not directly related to that precise need at that time. Hence, mobile advertising is seen as a distraction from the goal, not an enhancement. Ads served to the Sports audience require careful targeting and intense campaign management to be effective.

In contrast, Entertainment, which has a similar audience size as Sports, delivers far fewer impressions, but has similar monetization levels. This is because Entertainment users are more in a “want” state, engaging more deeply with the content. They tend to pay more attention to advertising and respond well to longer format ad creative and messaging.

Finally, the Games category, which has the largest audience, achieves an even balance between impression volume and revenue performance.



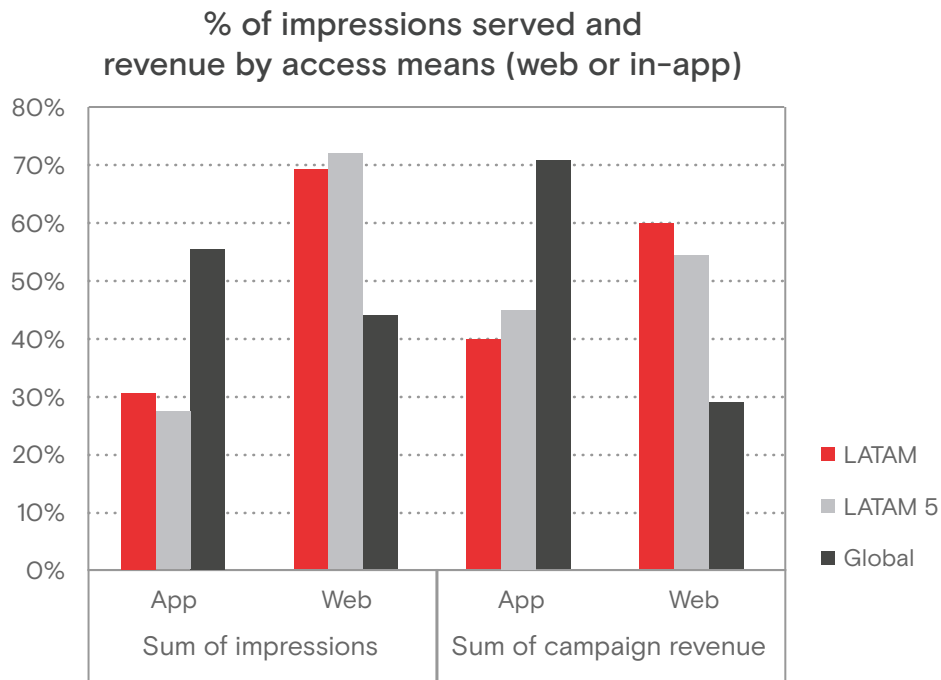
Most effective advertising tactics

In-app, video have most impact on LatAm audience

On a global level, in-app advertising outperforms mobile web advertising. Also, across the board we have found that video outperforms banner ads. The same holds true in the LatAm region, but with some other distinctive trends.

App vs. web

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Video vs. banner

One clear indicator of increased brand engagement on mobile (and stronger revenue performance for publishers) within a market is a demonstrated preference for video advertising.

We determine this by calculating the ratio of a country or region’s market share of video impressions to that country or region’s total share of all impressions (global average is therefore 1:1).

As shown in the chart below, the LatAm region as a whole, as well as its top five countries, fall below the global average for the use of video advertising. However, this below-average performance is driven by the low use within Mexico and Argentina. The other three markets in the top five perform well above average. Chile, with a ratio of nearly 4:1, is the standout in the region; it is one of the world’s top markets when it comes to the use of video advertising.

Ratio of % of video ads to % of total ads, by country

