



Vol 2.2, January 2014

MULTICULTURAL MARKETING REPORT
UNITED STATES, 2013





Why is multicultural marketing important for mobile advertisers?

Of all the cultural groups in the United States, Hispanics and African Americans are an integral part of the mobile advertising ecosystem. These groups are the fastest growing in terms of population and have shown significant growth in spending power, mobile adoption and mobile usage in the past few years.

52 million+

**HISPANIC POPULATION IN
THE US IN 2012¹**

38 million+

**AFRICAN AMERICAN POPULATION
IN THE US IN 2012¹**

\$1.2 trillion+

**SPENDING POWER OF
HISPANICS IN THE US IN 2013²**

\$1 trillion+

**SPENDING POWER OF AFRICAN
AMERICANS IN THE US IN 2013²**

It is important for mobile marketers to balance the expectations and interests of customers of different cultures. Multicultural consumers in the US are increasingly becoming more mobile savvy and have unique attitudes and beliefs.

Multicultural Market Overview

 **45%**

of Hispanic smartphone owners are between the ages of 18-34*

 **46%**

of African American smartphone owners are between the ages of 18-34*

24%

HISPANIC**

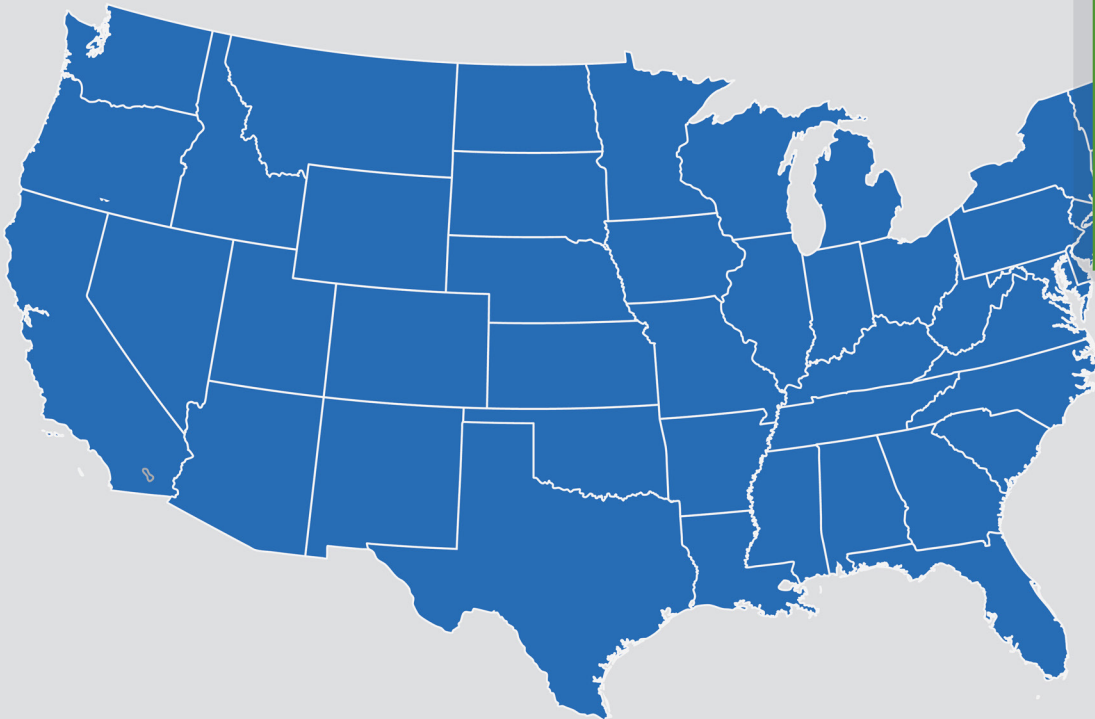
Estimated population growth in the next 10 years

10%

AFRICAN AMERICAN**

1%

CAUCASIAN**



VDOPIA NETWORK

\$

303%

growth in Rich Media & Video ad spend by advertisers targeting African American consumers in the US on the Vdopia network in the past year

\$

195%

growth in Rich Media & Video ad spend by advertisers targeting Hispanic consumers in the US on the Vdopia network in the past year

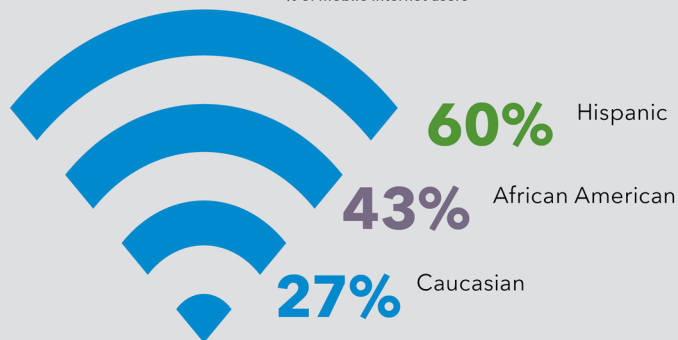
Vdopia Network, Q3, 2013

*comscore MobiLens, 3 Month Avg. (Sept 2013)

**US Census Bureau, 2025 projection

GO ONLINE PRIMARILY VIA MOBILE PHONE*

% of mobile internet users

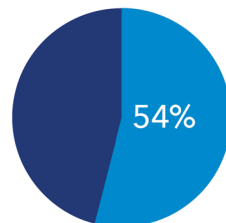


HISPANIC

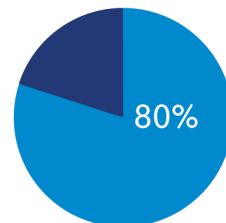
Ad Units (Share of Ad Impressions)⁺

VIDEO & RICH MEDIA

BANNER



Q3 2012



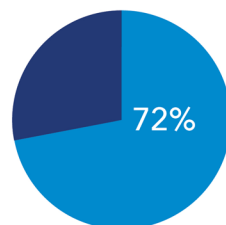
Q3 2013

AFRICAN AMERICAN

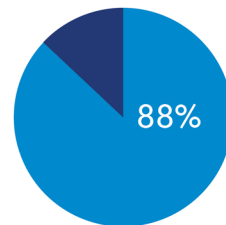
Ad Units (Share of Ad Impressions)⁺

VIDEO & RICH MEDIA

BANNER

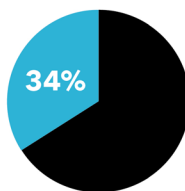


Q3 2012

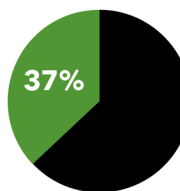


Q3 2013

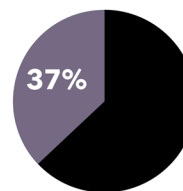
Ad Recall (% of smartphone owners)^{**}



Caucasian



Hispanic



African American

WATCH TV OR VIDEO ON SMARTPHONE

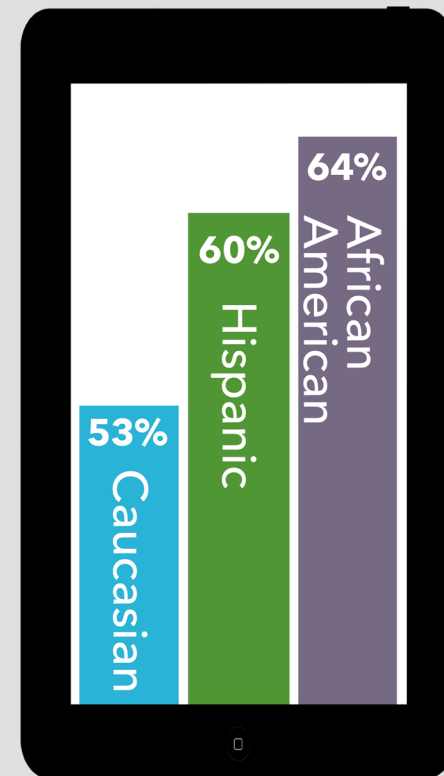
(IN A MONTH)**

49% Hispanic

48% African American

40% Caucasian

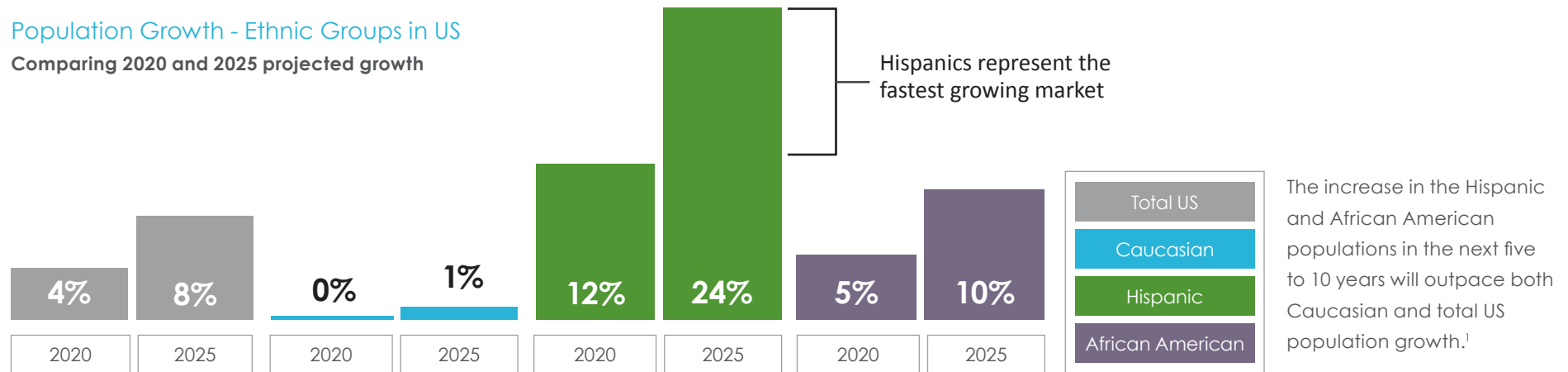
SMARTPHONE PENETRATION⁺⁺



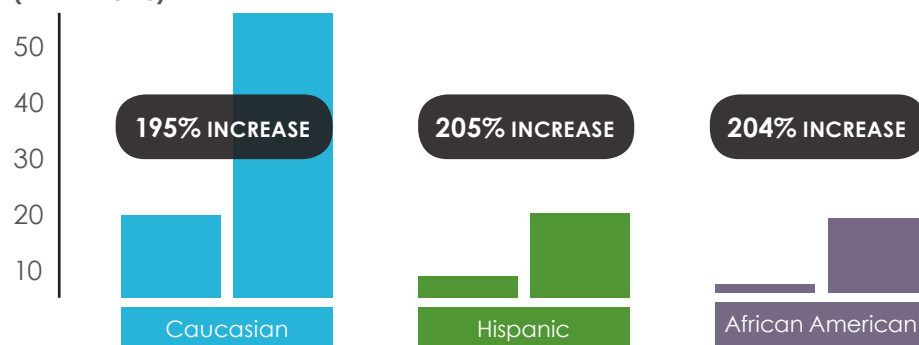
*Pew Internet and American Life Project, Sept., 2013 | **comscore MobiLens, 3 Month Avg. (Sept 2013)

+ Vdopia Network, Q3, 2013 | ++Pew Research Center's Internet and American Life Project, April 17-May 19, 2013

Population Growth - Ethnic Groups in US Comparing 2020 and 2025 projected growth

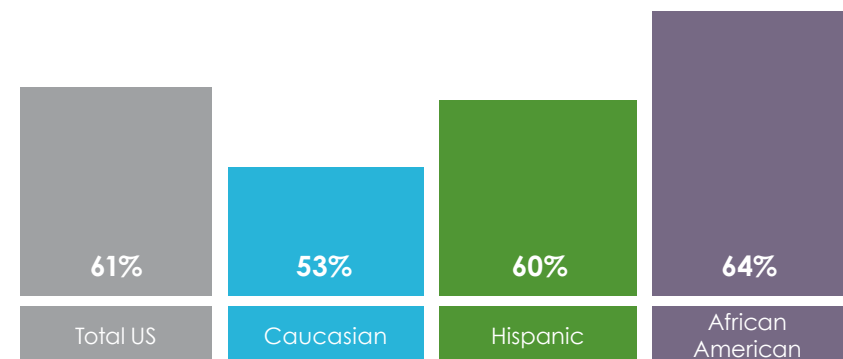


4G Subscribers - Comparison of 2012 and 2013 (IN MILLIONS)



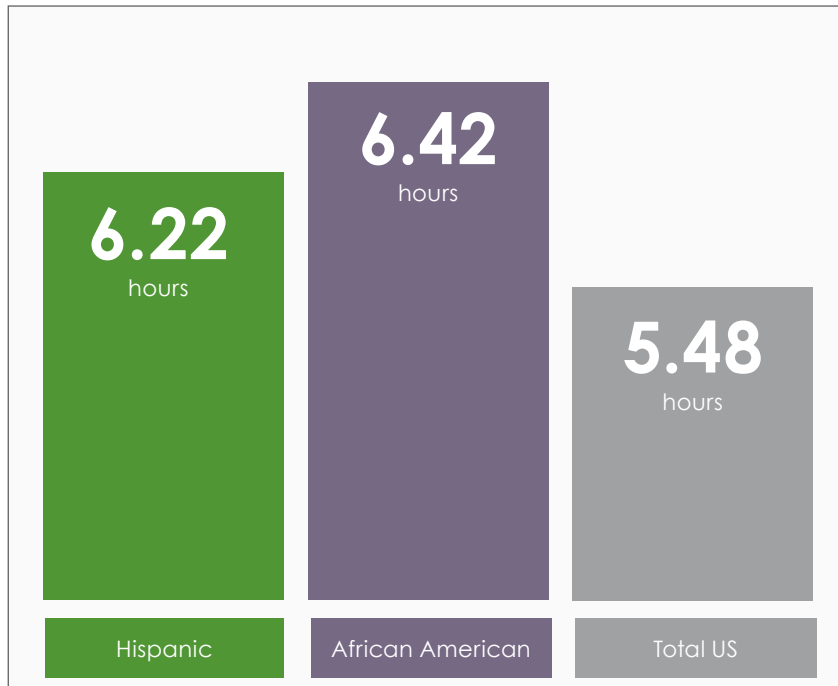
Mobile video is seen as the next big thing in mobile advertising, however some critics feel mobile data speed is a major hindrance. Recent trends show an exponential rise in the 4G subscriber base in the US. This growth is considerable across all customer segments, with growth in the Hispanic and African American subscriber bases slightly outpacing Caucasians.⁵

Smartphone Penetration



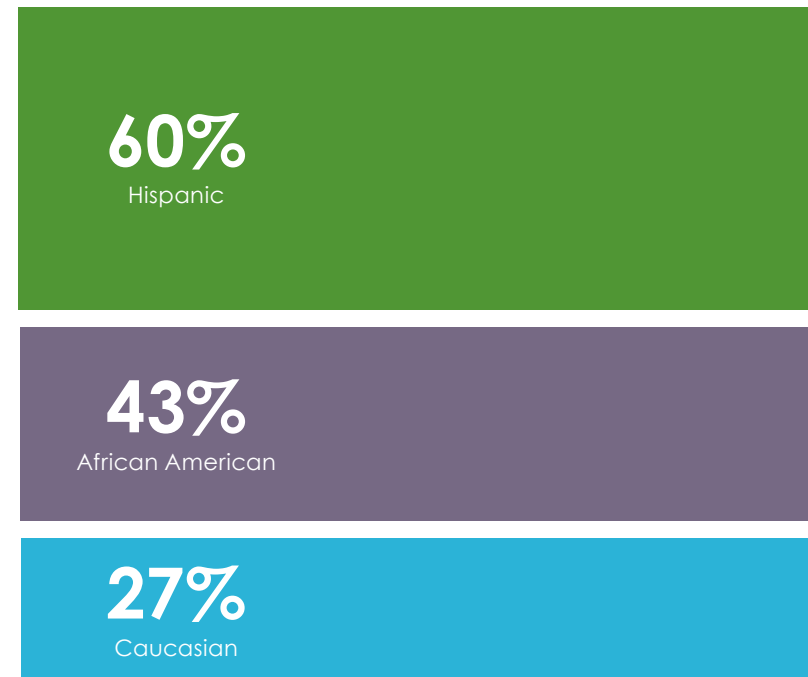
Smartphone adoption is a key metric for any marketer devising a mobile marketing plan. Currently, Hispanics and African Americans have higher smartphone adoption rates than Caucasians.¹⁰

Time Spent Watching Video on a Mobile Phone Per Month



With the influx of high-end smartphones and the adoption of high speed data services, the consumption of data, especially video, on mobile phones has increased dramatically. Hispanics in the US spend close to 6 and a half hours a month watching videos on their smartphones while African Americans spend close to 7 hours. Time spent by these cultural groups watching mobile video is higher than the total US market, and growing rapidly.⁴

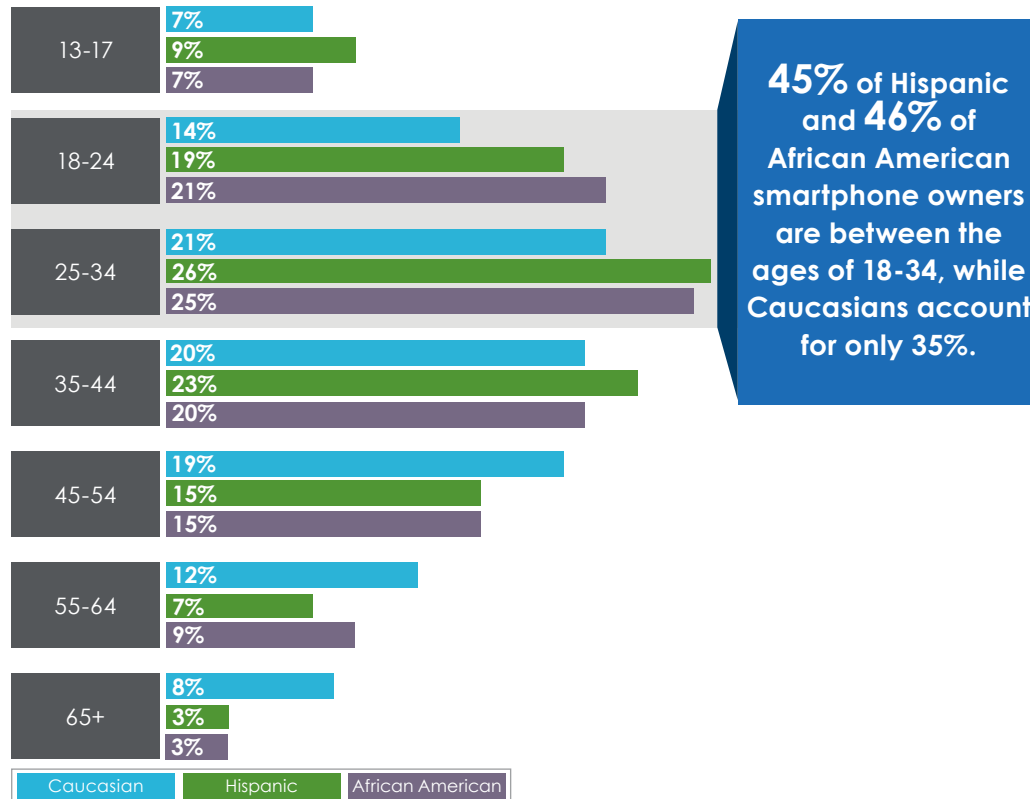
US Mobile Users Who Go Online Primarily Via Mobile Phone



For a majority of the Hispanic population, mobile is their primary vehicle for accessing the internet. A recent survey suggests 60% of Hispanic and 43% of African American mobile internet users turn to their mobile phones as the primary device for accessing the internet.

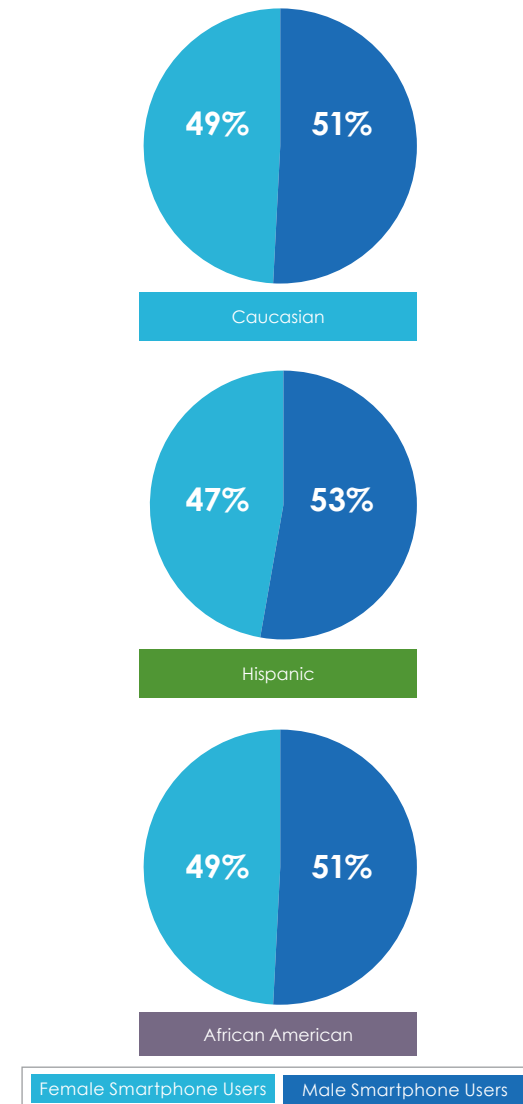
Only 27% of Caucasians use mobile devices as their primary way of accessing the internet. This highlights the disparity in mobile internet usage behavior and the need for creating targeted marketing campaigns for generating product excitement and awareness.³

Mobile Multicultural Audience – Age Break-up

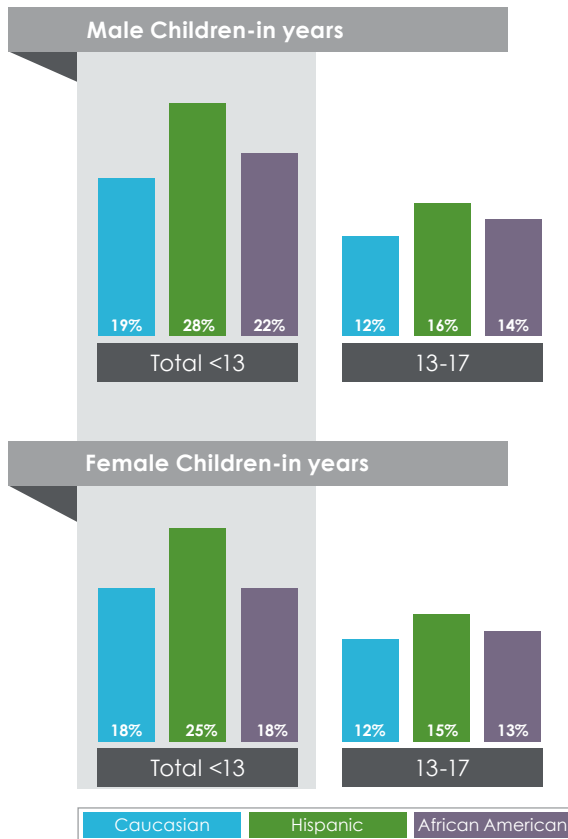


54% of Hispanic and 53% of African American smartphone owners are under the age of 35. The same figure stands at 42% for the Caucasian audience.⁵ It is therefore imperative that advertisers customize campaigns to target these ethnic groups.

Mobile Multicultural Audience – Gender ⁵

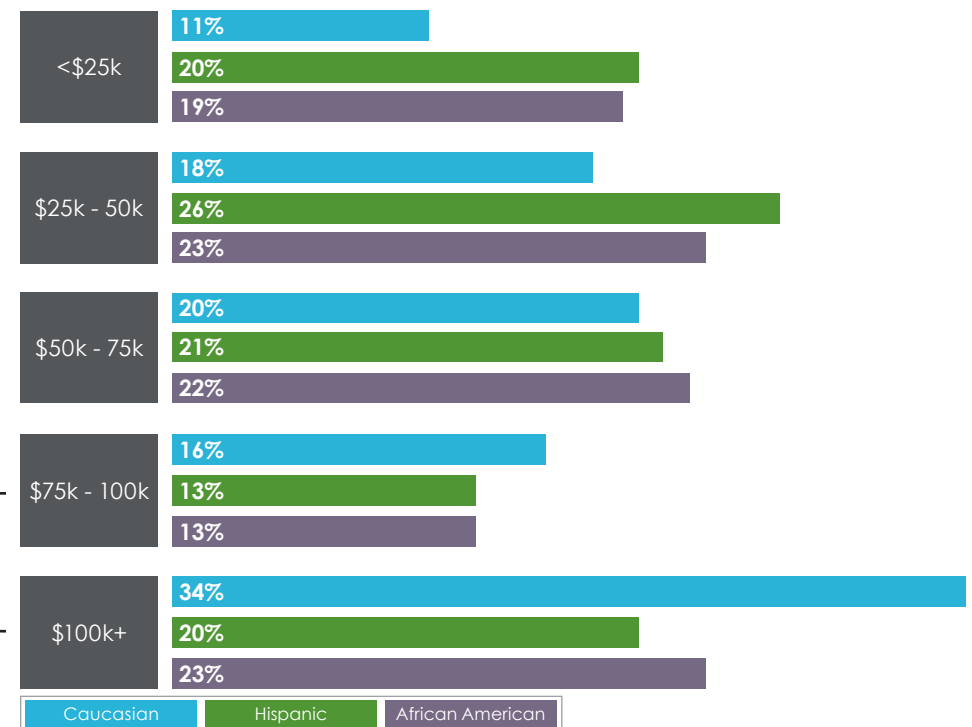


Mobile Multicultural Audience – Children



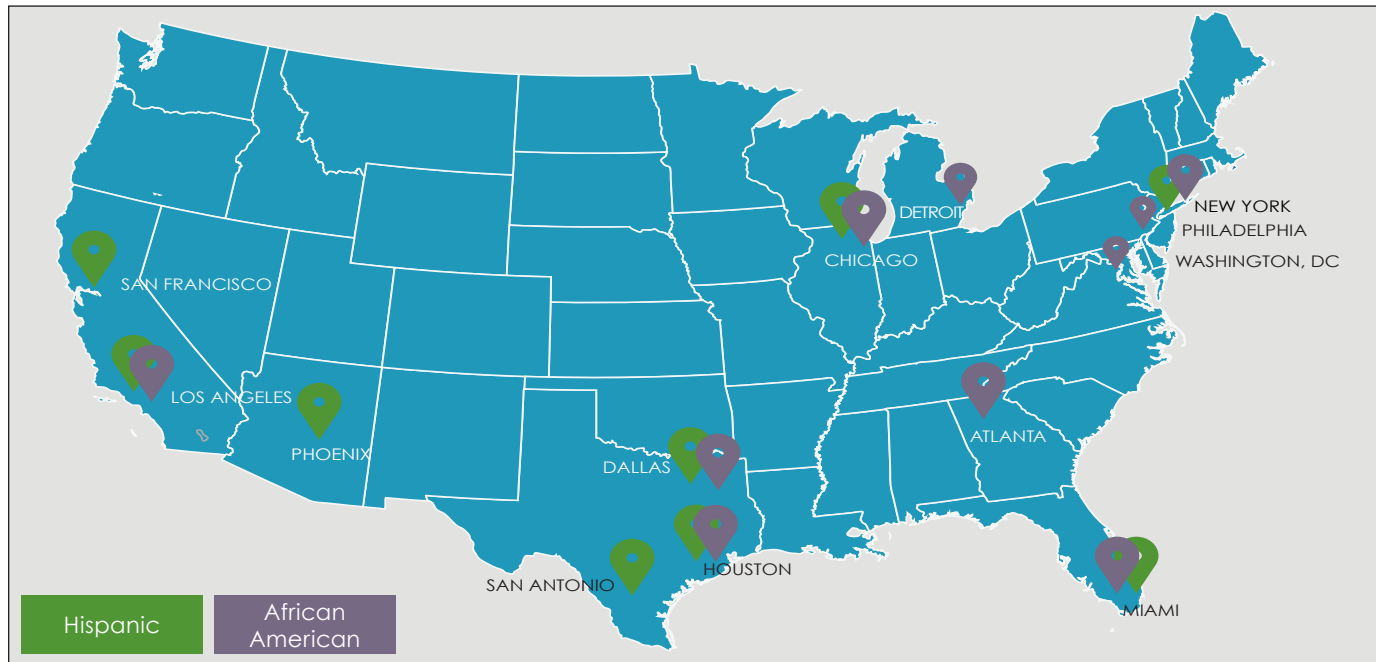
Advertisers targeting parents should understand the household composition of these cultural groups. 28% of Hispanic smartphone owners belong to households with male children under 13 and 25% belong to households with female children under 13. 16% of Hispanic and 14% of African American smartphone owners have teenage children in their household.⁵

Mobile Multicultural Audience – Household Income

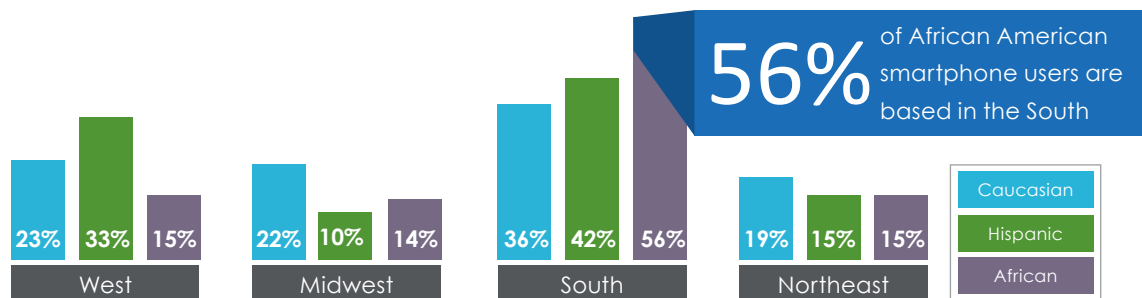


One-third of Hispanic smartphone owners belong to households with more than \$75K annual income.

Geo Targeting: Top DMAs for Each Group

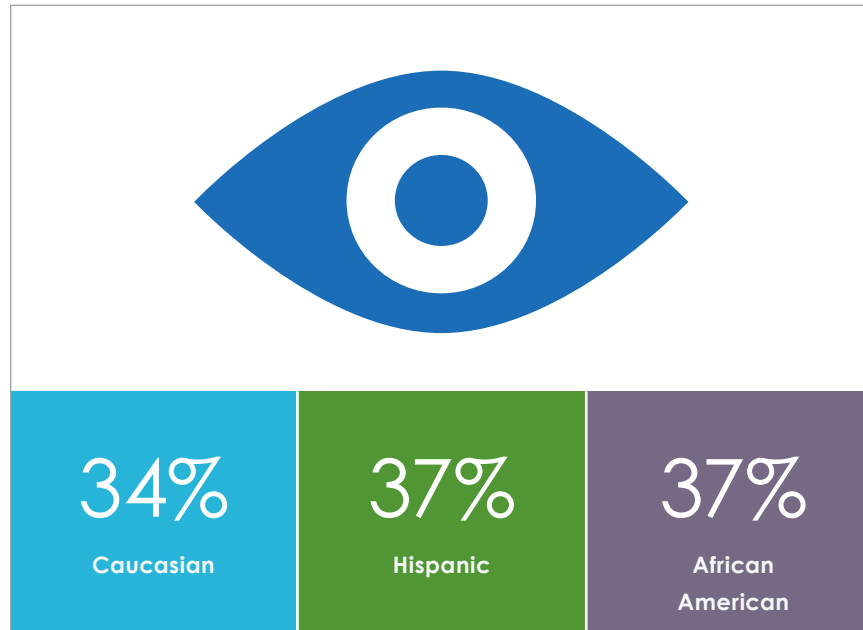


Geo targeting plays a key role in mobile advertising and is often used to target DMAs with the highest concentration of cultural groups. For example, 56% of African American smartphone owners are based in the South, with 75% of Hispanic smartphone owners based in the South and West.⁵ Advertisers can leverage this information to reach audiences with maximum precision.



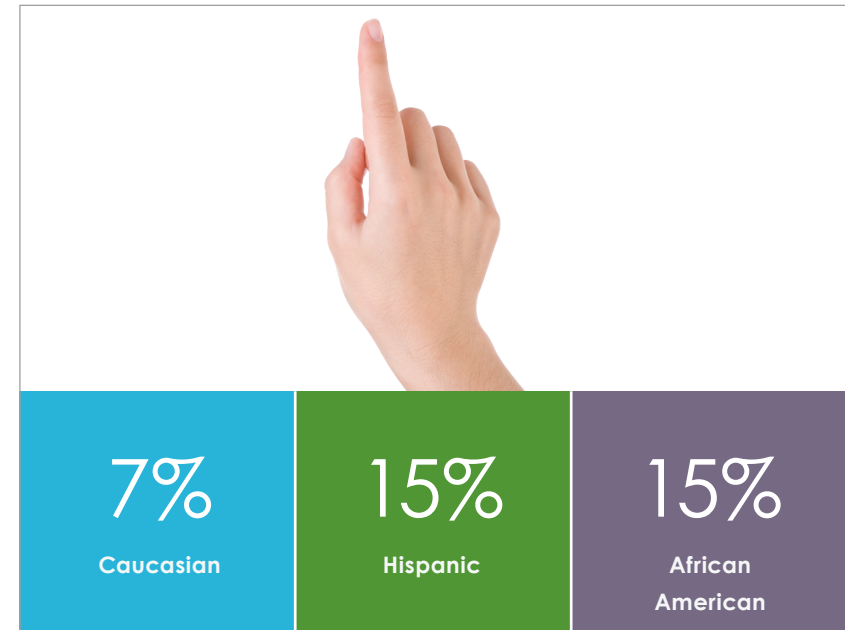
CONCENTRATION OF POPULATIONS - BY GEOGRAPHIC REGION

Recall Seeing an Ad



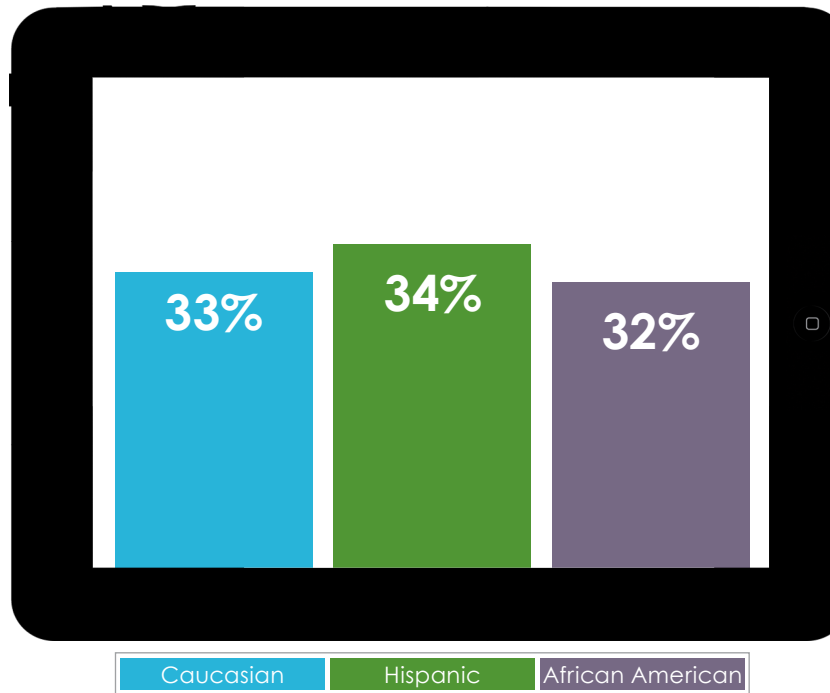
Advertisers spend a large amount of their media dollars in an effort to keep their brand fresh and easily recognizable. It takes a relevant ad to leave a strong imprint on consumers.⁵

Tapped on an Ad



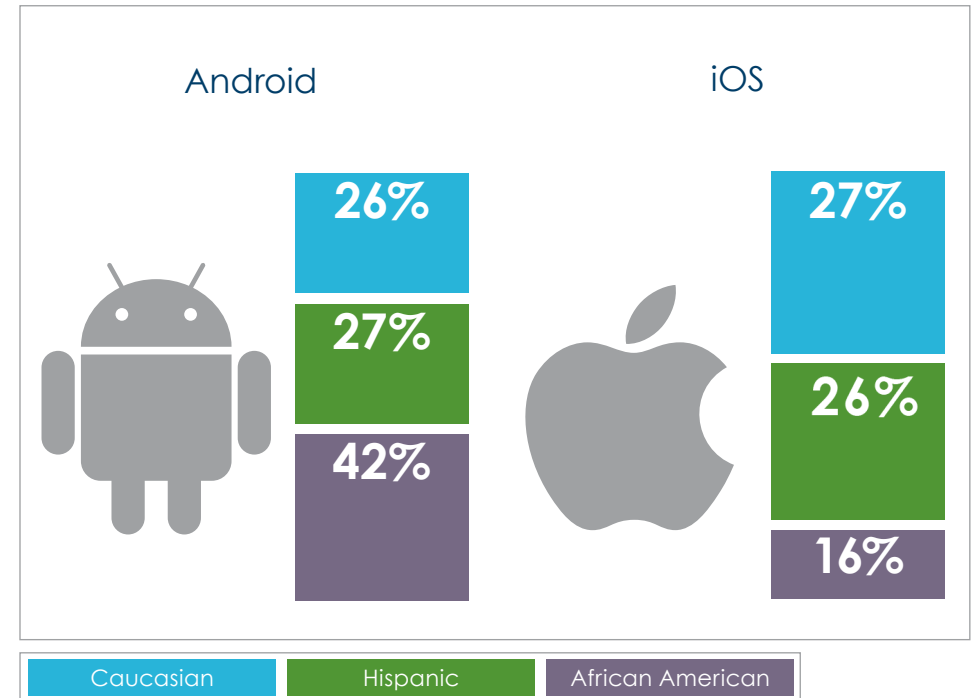
Driving smartphone owners to click on an ad is contingent upon the right ad content being displayed at the right time. Hispanics and African Americans are more than twice as likely to tap on an ad on their smartphones compared with Caucasians.⁵

Tablet Penetration



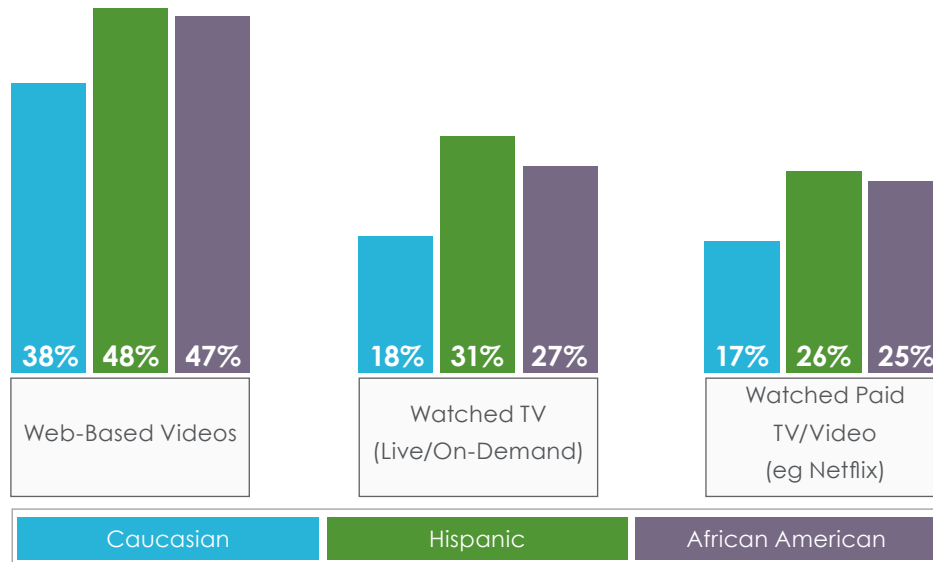
Tablets have contributed to the growth of rich media and interactive mobile advertising in the past few years. The larger screen size allows for a more appealing platform to showcase ads. Approximately one-third of all Hispanic and African American smartphone owners also own a tablet device.¹⁰

Platform



When it comes to top platforms in the US, Android and iOS lead the way. African Americans favor Android devices, whereas Hispanics and Caucasians are partial to Apple products.¹⁰

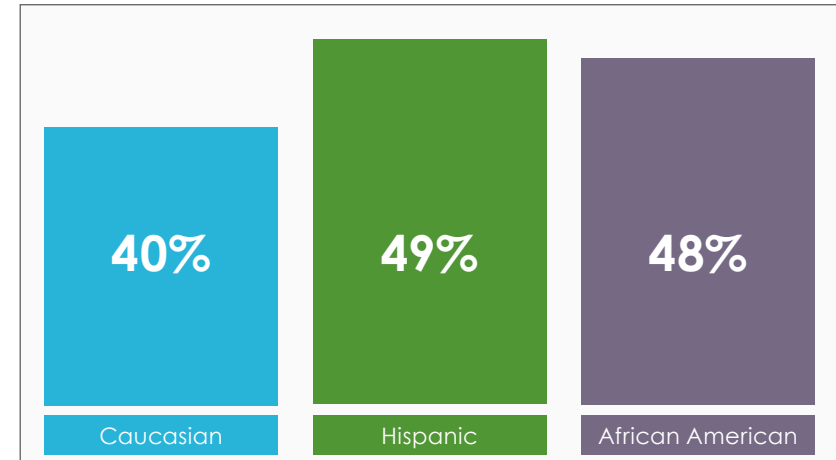
What Type of Video is Watched?



Web based video is the most watched form of video content on smartphones.

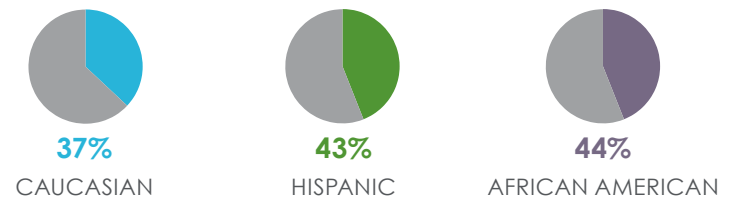
48% of Hispanic smartphone owners watched a web based video in Q3, 2013 - 10% higher than Caucasian smartphone owners at 38%.⁵

How Often is Video Watched?



In Q3, 2013, close to half of all Hispanic and African American smartphone owners watched video on their smartphones, compared to only 40% of Caucasians.⁵

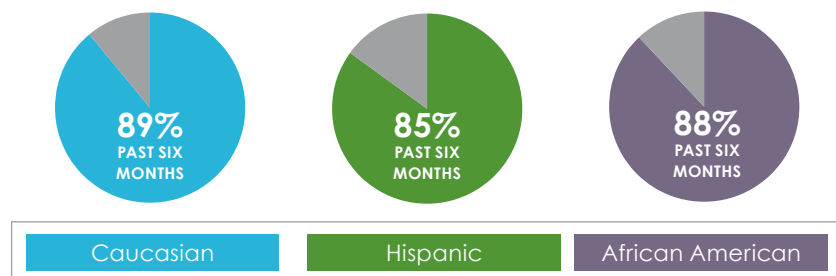
Used Phone While Watching TV



Multi device use is frequent among Hispanics and African Americans. Using multiple screens simultaneously allows for ease in browsing and comparing products online.¹⁶

Mobile Multicultural Audience | MOBILE CONTENT

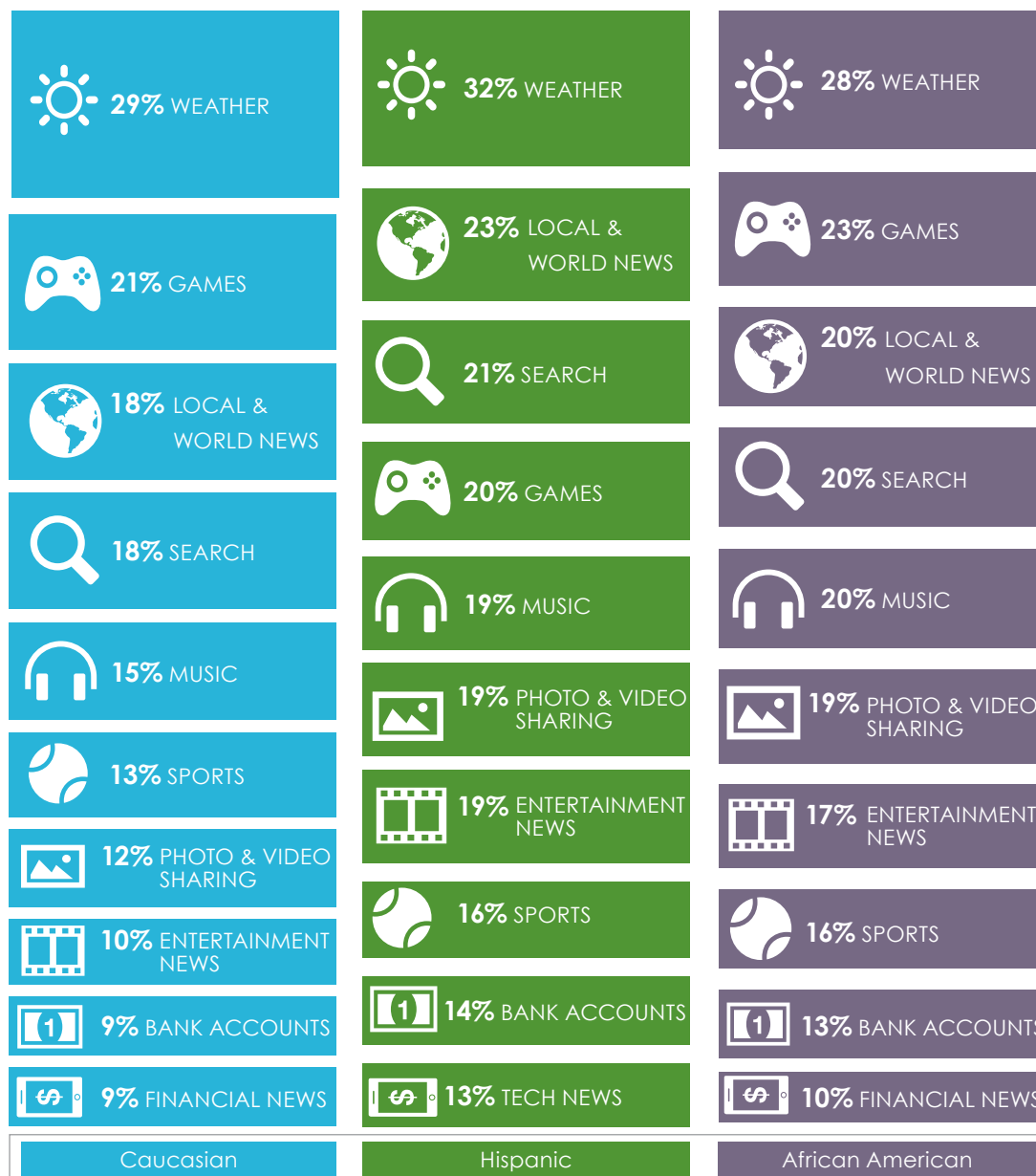
Smartphone Users Who Have Bought Online



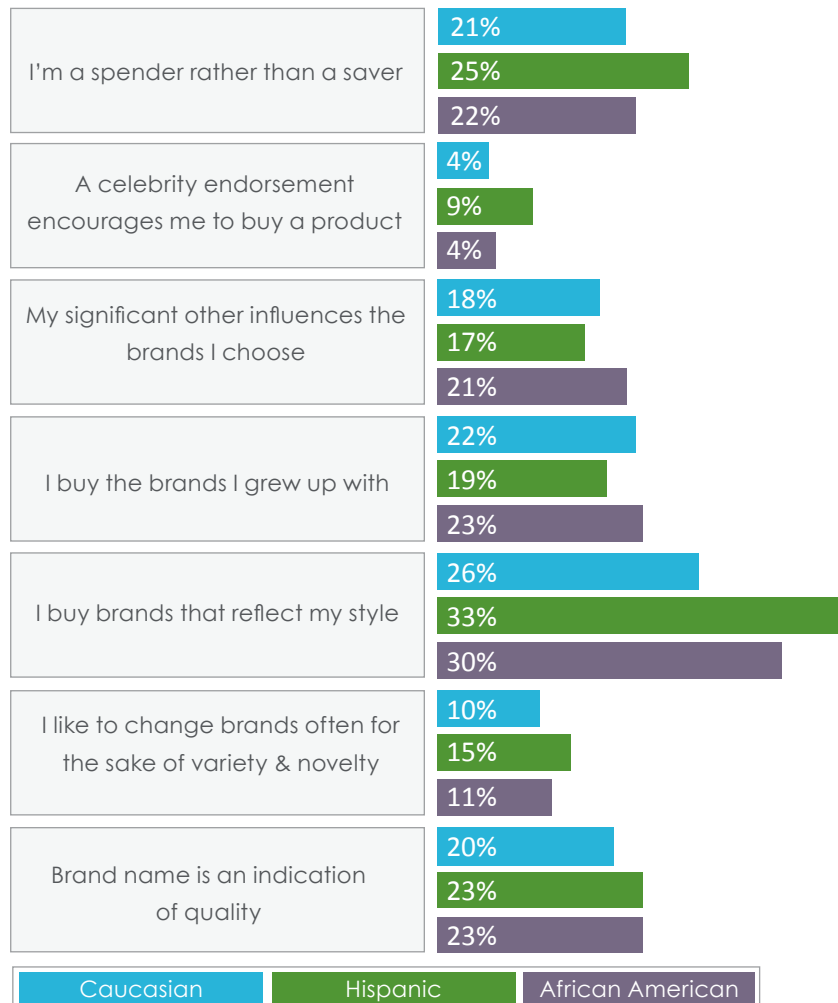
Hispanic and African American smartphone owners often shop online. Within the past six months, 85% of Hispanics and 88% of African Americans have bought online, on par with 89% of Caucasians buying online.⁵

The diagram to the right shows the most popular mobile data content for different cultural groups. Excluding email, social networking and instant messaging, the graph displays the “Top 10” for most accessed content. This is critical information when customizing a media plan as running ads within the “Top 10” will increase the effectiveness of marketing campaigns.⁵

Most Popular Content Among Smartphone Users



Buying Habits



Delving deeper into the mindset of Hispanic and African American consumers offers an accurate insight into what influences their buying decisions.¹⁶

Brand Stickiness

Hispanics are less brand-loyal than Caucasians. This presents a challenge to advertisers, but cultural-specific targeting campaigns can ensure long-term relationships with these consumers.

Celebrity Endorsement

Celebrity endorsements play a major role in attracting Hispanic consumers. Hispanics are twice as likely to be influenced by celebrity endorsements than both Caucasians or African Americans.

Spouse Influence

African Americans report their spouse plays an important role in buying decisions, emphasizing the importance of targeting both men and women.

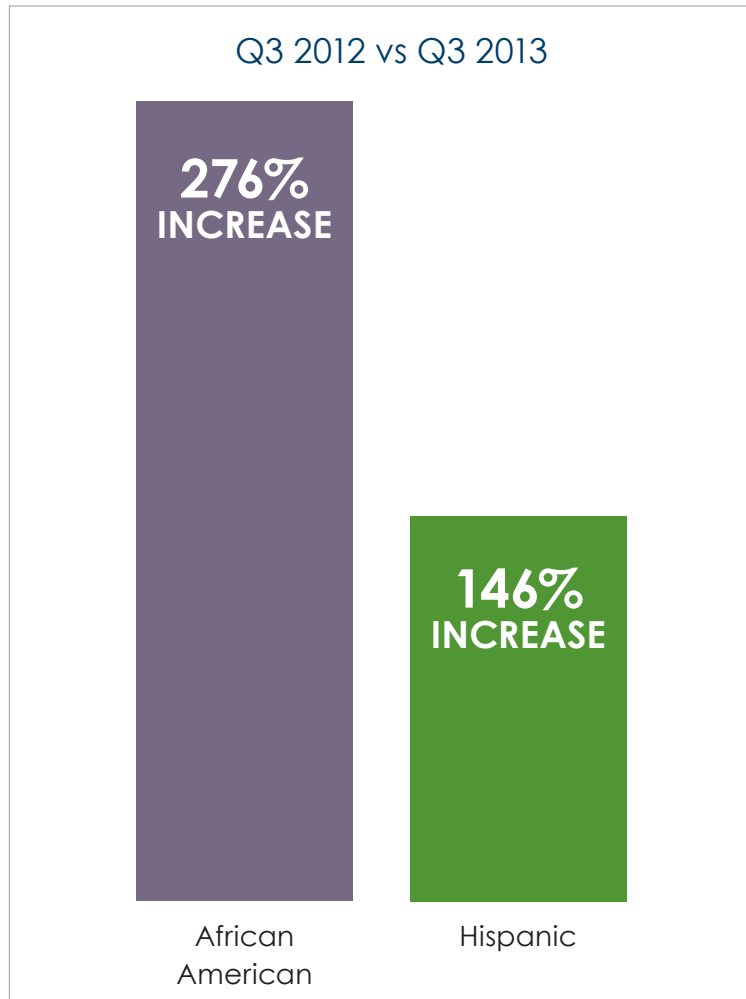


Vdopia's targeting capabilities extend beyond conventional parameters.

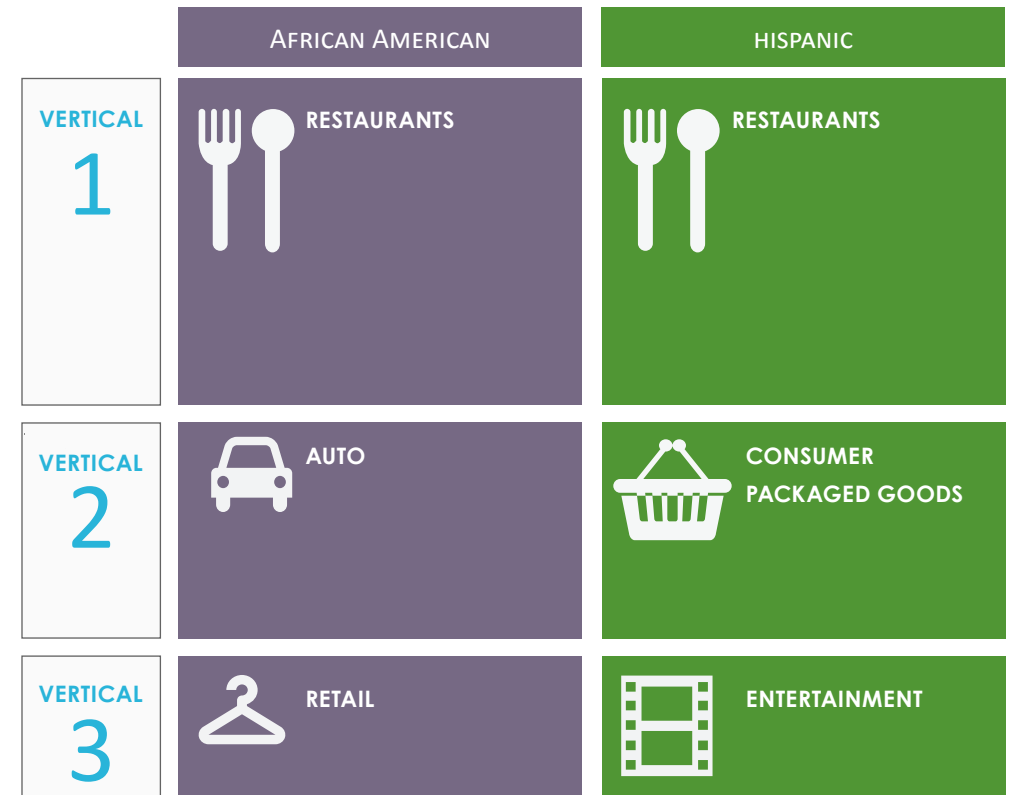
Utilizing demographic and device targeting to focus on lifestyle, ethnicity, language and location.

Utilizing user demographic data obtained from the Vdopia network and third party data sources, Vdopia offers an in-depth look at user interests, ethnicity, age, gender, income, etc. Using this framework, Vdopia has launched many successful multicultural campaigns. Within the past year, advertiser spend on the Vdopia network has grown 146% for Hispanic targeted campaigns and 276% for African American targeted campaigns. Rich media and video ads have driven this growth.¹²

Ad Spend on Campaigns Targeting Multicultural Audiences

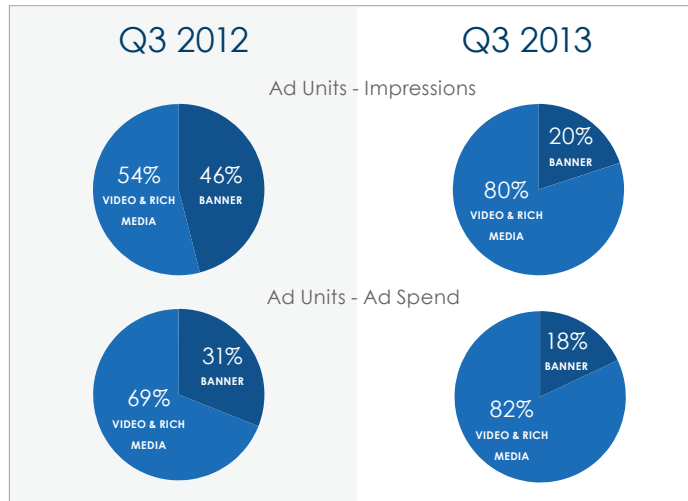


Top Three Verticals Based on Ad Spend

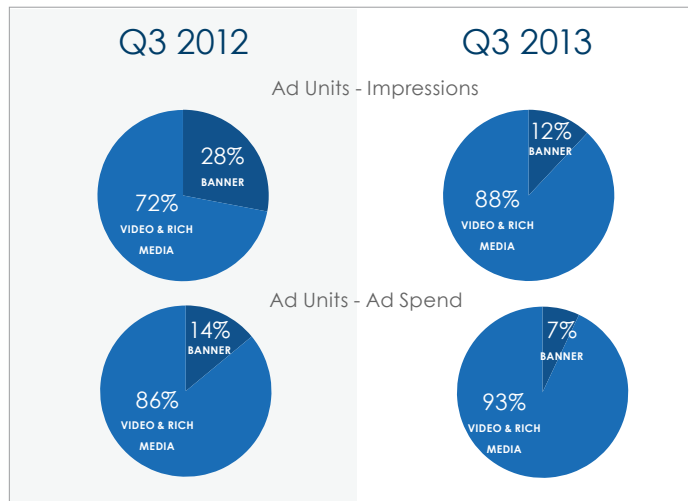


The Restaurant vertical is the foremost category leveraging mobile to target multicultural groups. The ad spend by this vertical was the highest on the Vdopia network in Q3, 2013 for both Hispanic and African American campaigns. Entertainment, FMCG/CPG, automobile and retail advertisers are targeting cultural groups to deliver high ROI for their mobile campaigns.¹²

Hispanic Campaigns - Popular Ad Format



African American Campaigns - Popular Ad Format

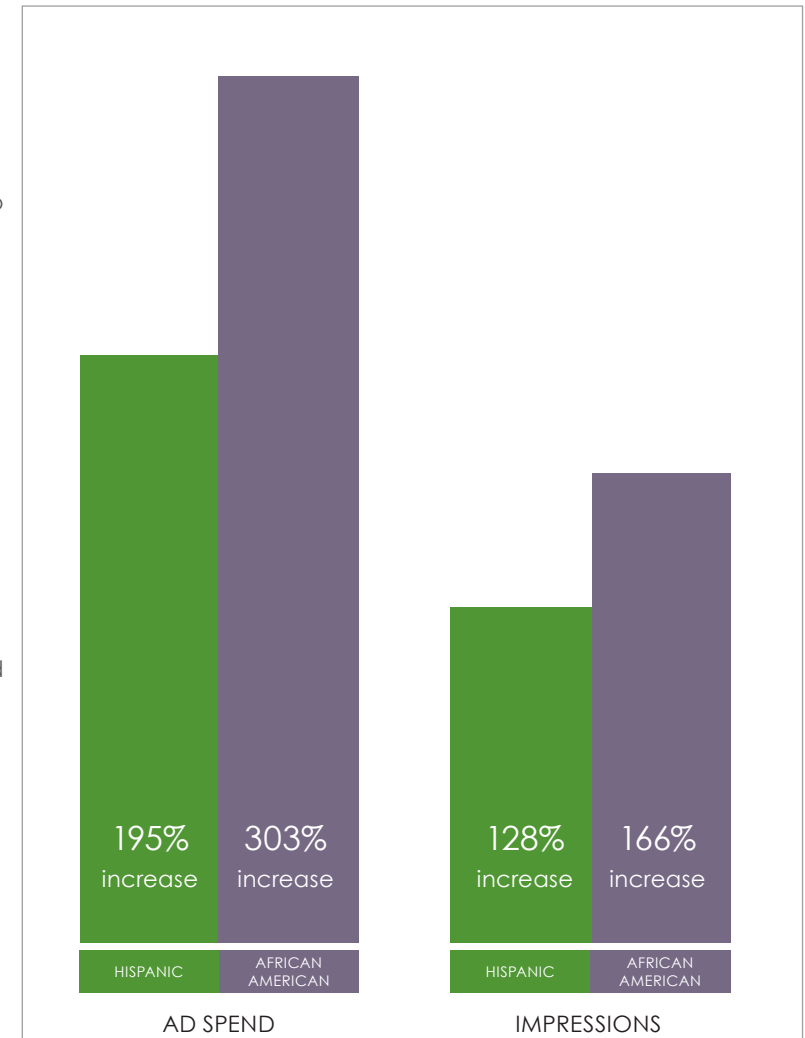


With great advancement in mobile technology comes great opportunity for advertisers to reach target audiences in a more engaging way. Rising from static banner ads with generic targeting to interactive video ads with precision targeting, the mobile ad industry is working hard to optimize media ad dollars.

Vdopia's proprietary video technology and a refined understanding of different cultural groups & their behavior has attracted key multicultural advertisers. Rich media and video ad spend on the Vdopia network increased 195% for Hispanic targeted campaigns in Q3, 2013 from the previous year. The adoption of high-end smartphones and increased mobile data speeds has led to a rise in the utilization of interactive ad formats. Rich media and video ad spend on the Vdopia network increased by 303% for African American targeted campaigns.^{1,2}

Ad Format Growth - Video and Rich Media

Vdopia Network, Q3, 2012 vs Q3, 2013



African American Consumer - Wrap Up

YOUNG AND GETTING RICHER

- 46% of smartphone owners belong to 18-34 age bracket⁵
- 45% increase in aggregate income of African Americans in the past 10 years¹³

INCREASING SPENDING POWER

- Current spending power of African Americans is \$1 trillion which is estimated to rise to \$1.7 trillion by 2017²

INCREASING POPULATION

- African American population in the US is more than 38 million. It is growing fast and estimated to be close to 50 million by 2025¹

INCREASING ENGAGEMENT WITH MOBILE

- 43% of African American mobile internet users go online primarily via their mobile phones³

SPENDING HABITS

- African Americans outspend Hispanics and Caucasians when it comes to shopping for apparel, furniture, car insurance, gasoline and motor oil¹⁴

SMARTPHONE & TABLET PENETRATION

- Highest smartphone penetration (64%) makes this community the most mobile savvy consumer group in the US¹⁰
- 32% of African American consumers own a tablet¹⁰

HIGHEST CONCENTRATION IN SOUTHERN US

- 56% of African American smartphone owners are based in the South⁵
- Atlanta, LA, Houston and Texas are some of the key southern markets for targeting African American smartphone users¹⁵

PURCHASE DECISION MAKERS

- African American women view themselves as the primary decision makers across all household spending as well as big ticket items like automobiles, electronics etc.¹³

MOBILE VIDEO

- 47% of African American smartphone owners watch web-based videos on their devices each month⁵
- African Americans consume six hours and forty two minutes of video on their mobile devices each month⁴
- 166% increase in rich media and video ad impressions for African American campaigns in the past year¹²

Hispanic Consumer - Wrap Up

YOUNG AND GETTING RICHER

- 45% of smartphone owners belong to 18-34 age bracket⁵
- 71% income growth in past 10 years among households with \$100K+ income⁶

RISING SPENDING POWER

- Current spending power of Hispanics is \$1.2 trillion which is estimated to rise to \$1.5 trillion by 2015²

INCREASING POPULATION

- Current Hispanic population in the US is 52 million. It is growing fast and estimated to be close to 70 million by 2025¹

HOUSEHOLDS SHOP TOGETHER

- Hispanic households are larger than non-Hispanic households - 3.3 persons per household for Hispanics vs. 2.4 persons for non-Hispanics¹
- Hispanics shop more frequently than the general US population and tend to shop with other family members¹⁴

COMFORTABLE WITH BOTH ENGLISH AND SPANISH LANGUAGES

- With the decline in immigration and increase in US born Hispanics, we see a rise in bilingual and English dominant Hispanics
- When it comes to advertising, ads in Spanish appeal more to Hispanic consumers. The same commercial shown in Spanish increases ad recall by as much as 30%⁶

INCREASING ENGAGEMENT WITH MOBILE

- 16% of Hispanic shoppers use their mobile device to make purchases compared to 12% of general market shoppers⁹
- 60% of Hispanic mobile internet users go online primarily via their mobile phones³

SMARTPHONE & TABLET PENETRATION

- High smartphone penetration (60%) makes this community one of the most mobile savvy consumer groups in the US¹⁰
- More than one-third of Hispanic consumers (34%) own a tablet, more than both Caucasians and African Americans¹⁰

MOBILE VIDEO

- 48% of Hispanic smartphone owners watch web-based videos on their devices each month. They consume close to six and a half hours of video on their mobile devices each month⁵
- 58% of Hispanics watch video pre roll ads, with 15% watching on a regular basis¹¹
- 128% increase in rich media and video ad impressions for Hispanic campaigns in the past year¹²

Terms and Definitions

Impressions. Number of smartphone and tablet ads served on the Vdopia network.

Ad Spend. Total amount spent by advertisers.

Ad Unit/Ad Format. Different types of ads which appear on smartphones and tablets. These are categorized as follows: Banner, Rich Media and Video.

Banner Ad. A rectangular static advertisement placed either on top or at the bottom of a mobile web page or mobile app screen.

Rich Media Ad. An interactive expandable advertisement which includes animation or complex user interactions like swipes, rollovers, social media interactions, etc.

Video Ad. An ad unit whereby the primary purpose is to deliver a video advertisement to mobile devices.

Interactive. Any dynamic user interaction within the ad content such as: Photo Viewing Gallery, 360 View, Store Locator Map and more.

Live/On-Demand TV. Allows users to select and watch TV content via pay-per-view method on their smartphones (e.g. Hulu, Virgin Media).

Paid TV/Video. Allows users to select and watch TV content or video via subscription-based services (e.g. Netflix).

Geo Targeting. Targets users based on location such as: country, state, region, city, DMA and zip code. It also includes geo fencing and hyper-local targeting.

Demographic Targeting. Targets users based on: gender, age, ethnicity, household income and language.

Behavioral Targeting. Targets users based on interests and behaviors. Uses third party data to specifically target user segments such as: sports fans, in-market auto shoppers, news readers and more.

Hispanic. People originating from Latin America or the Iberian peninsula.

African American. American citizens of African descent.

Caucasian. A white person of European descent with no Hispanic or Latino origin.

Sources

- 1 US Census Bureau, July, 2012
- 2 Selig Center for Economic Growth
- 3 Pew Internet and American Life Project, Sept., 2013
- 4 Nielsen Cross Platform Report Q3, 2013
- 5 comScore Mobilens, Sept. 2013 (3 months avg)
- 6 Nielsen – State of Hispanic Consumer Report, Q2, 2012
- 7 2010 U.S. Census
- 8 Nielsen – Latina Power Shift Report, 2013
- 9 Integer Group
- 10 Pew Research Center's Internet & American Life Project, April 17-May 19, 2013
- 11 IAB/BigInsight Report Q2, 2012
- 12 Vdopia Network, US, Q3, 2013
- 13 Nielsen – African American Consumer Report, 2013
- 14 2012 Consumer Expenditure Survey
- 15 <http://www.tvb.org/>
- 16 comscore PlanMetrix, Sept 2013

For further questions or feedback
please email: marketing@vdopia.com