Vdopia Mobile Insights

Vol 4.1, September 2014

MOBILE TELECOM REPORT

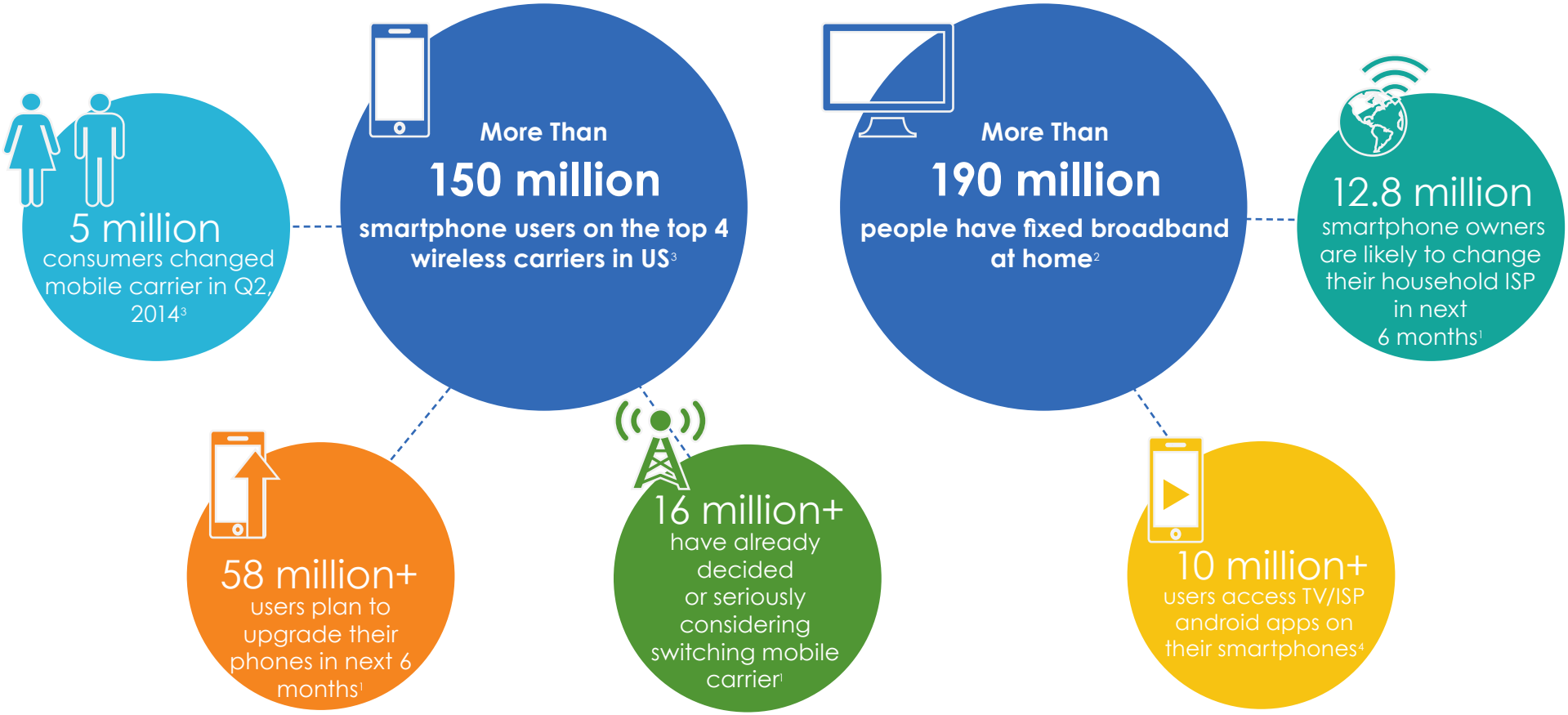
United States, Q2, 2014

VDOPIA™

The global leader in mobile video advertising.

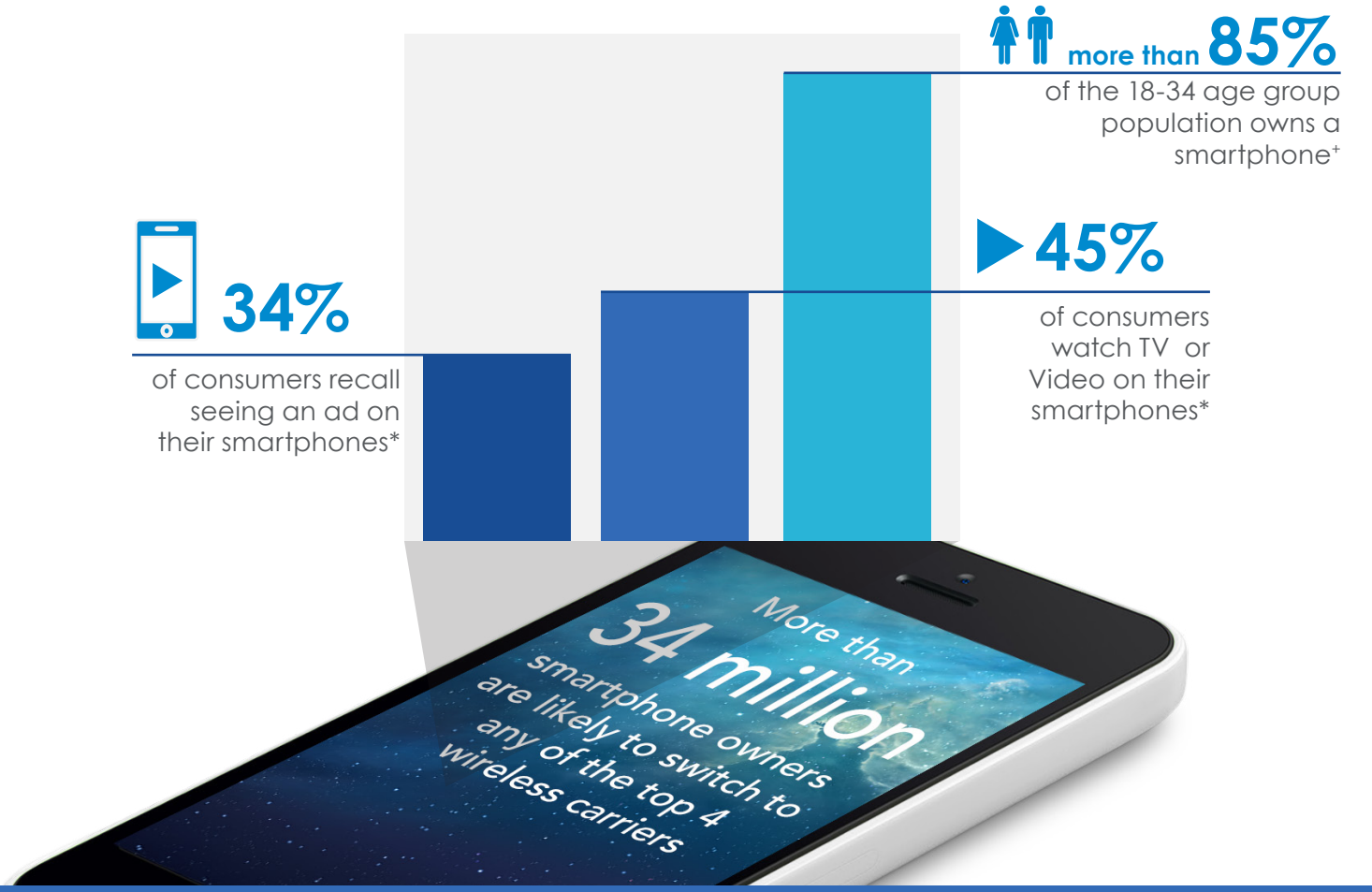
Change is the Only Constant in Telecom Industry

There is always a better phone, a better mobile carrier, a better data plan, and a faster internet service provider than what currently consumers have. To make the conusmers happy & stick to your brand, right marketing strategy is of paramount importance. Mobile being a highly personal device with unmatched scale & advanced targeting capabilities offer a perfect medium for delivering the right marketing message in a perfect manner.



Sources: comScore MobiLens, Q2, 2014 (3 months avg.), FCC, Eighth Broadband Progress Report, Estimated (US Population - With no broadband); Q2, 2014 Quarter Filings - AT&T, Verizon, T-Mobile, Sprint; Google Play - Verizon FiOS, AT&T Wireleine, Comcast, Time Warner Cable

Smartphones are Pushing the Boundaries of Telecom Marketing



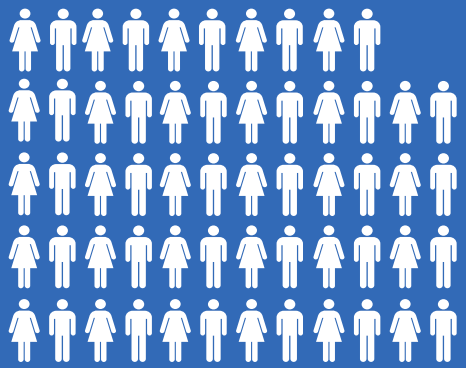
Monthly Time Spent Watching Video on Smartphones+

1:41	Total US
2:20	Hispanic
2:30	African American

58+

milion smartphone owners are likely to upgrade their phone in the second half of 2014*

Each figure represents a million users



12.8

milion smartphone owners are likely to switch ISPs in the next six months*

Each icon represents a million users

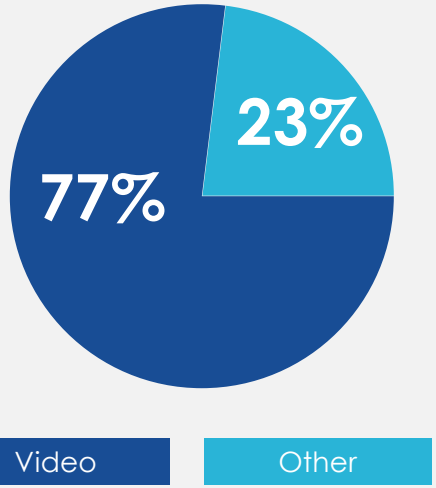
* comScore MobiLens, June'14 (3 months avg.)

\+ Nielsen Q2, 2014, Cross Platform Report

Vdopia Telecom Campaigns Insights

AD FORMAT

(share of ad spend)



CAMPAIGN TARGETING

57% Demographic

56% Behavioral

22% Channel

Source for all data points is Vdopia Network

CAMPAIGN OBJECTIVES

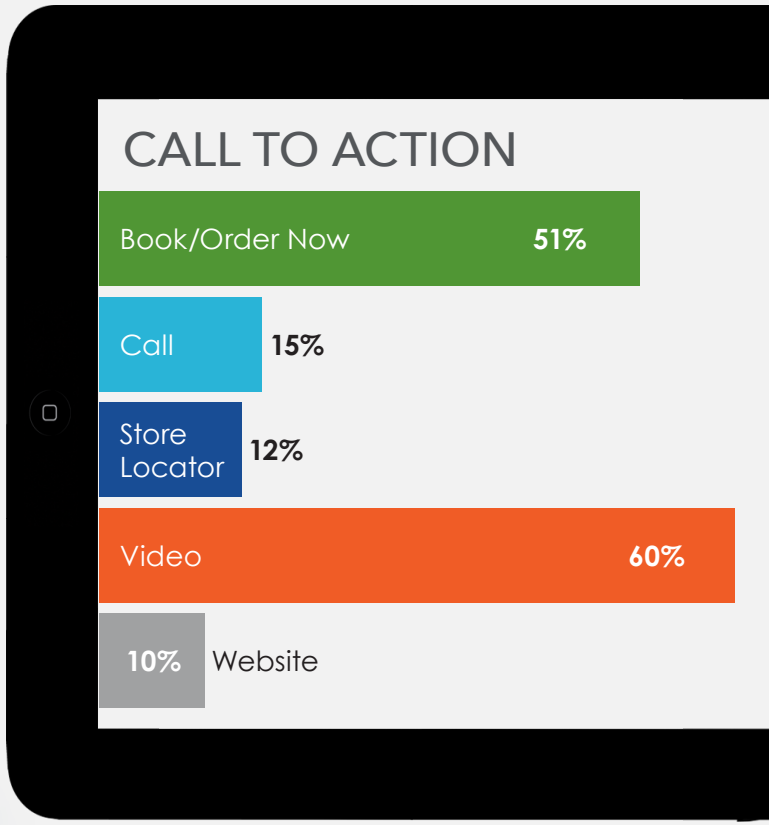
35% Product/Service Launch

29% Discount/ Offers

27% Product Promotion

9% Brand Awareness

* % share of campaigns



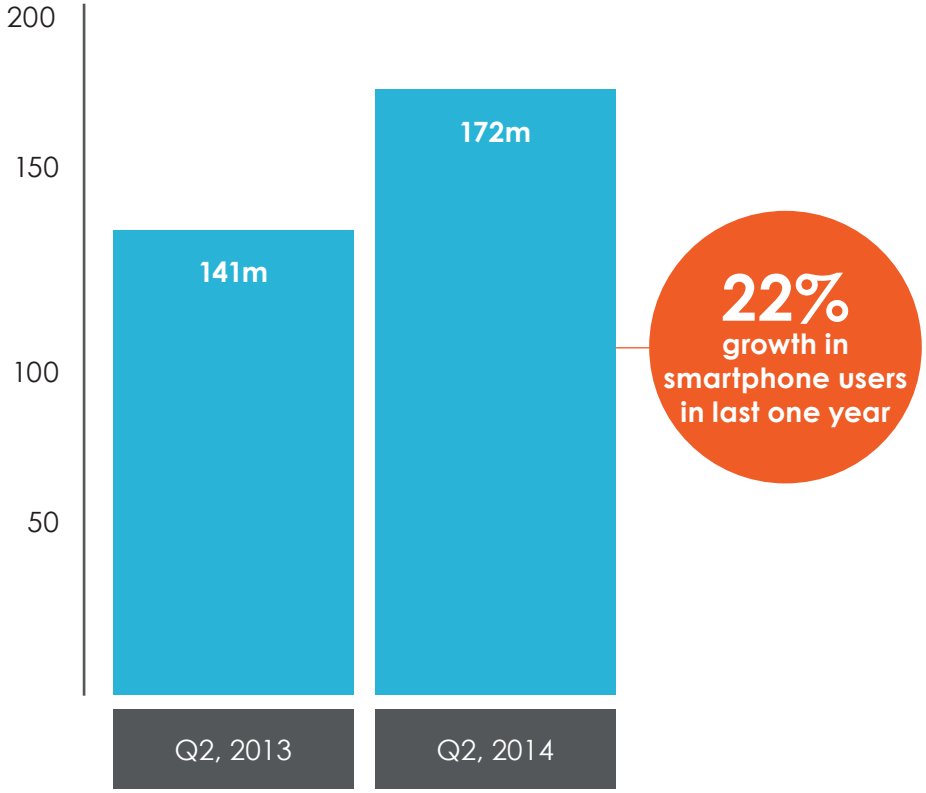
ADVERTISER TYPE

41% Mobile Device & Accessories

38% Internet & TV Service

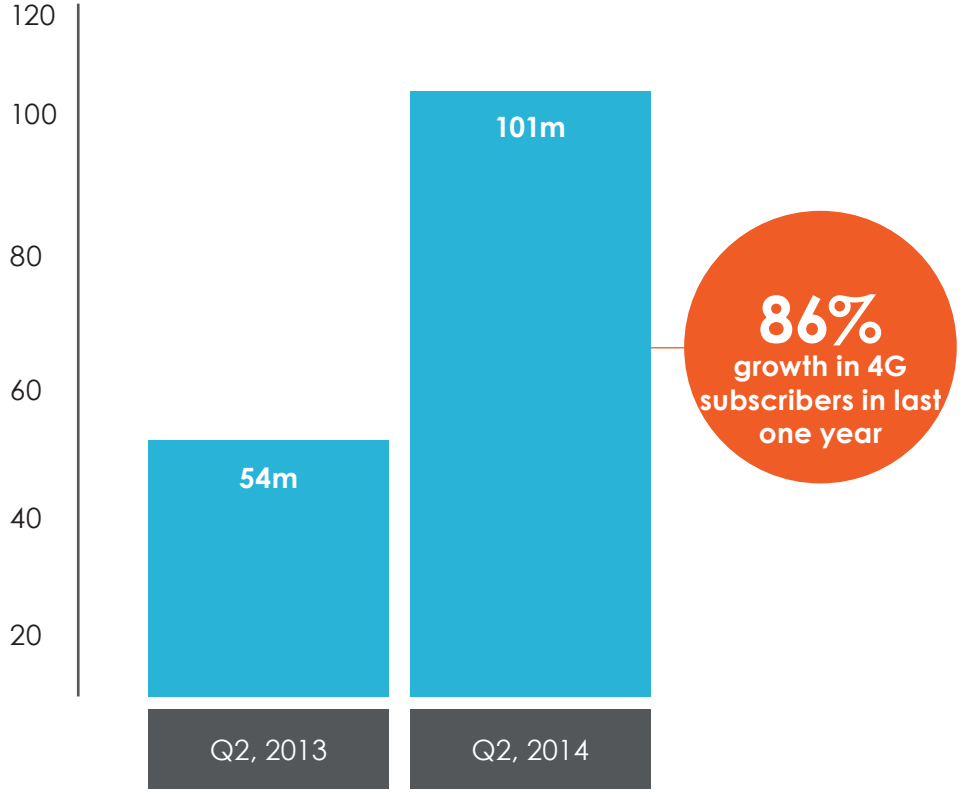
22% Mobile Carriers & Plans

Smartphone Users - Growth
(IN MILLIONS)



With more than 172 milllion users, smartphones offer an unmatched medium of advertising that is more personalised and interactive than any other digital medium ever known.[1]

Smartphone Users - 4G Subscribers
(IN MILLIONS)

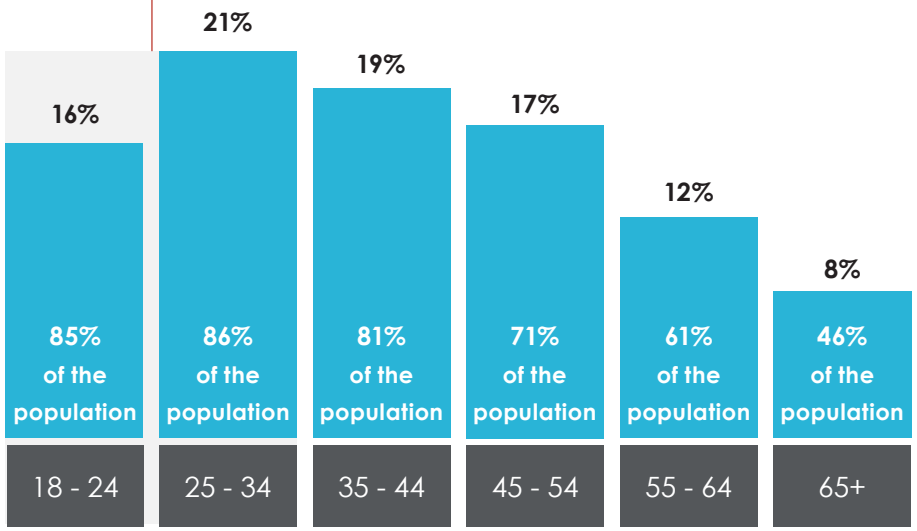


Increasing adoption of 4G by smartphone users highlight the trend of growing media consumption particularly video, which is gaining popularity on the smaller screen.[1]

Sources: comScore MobiLens, Q2, 2014 (3 months avg.)

Smartphone Users - Age Distribution

37% of total smartphone population belongs to 18-34 age group

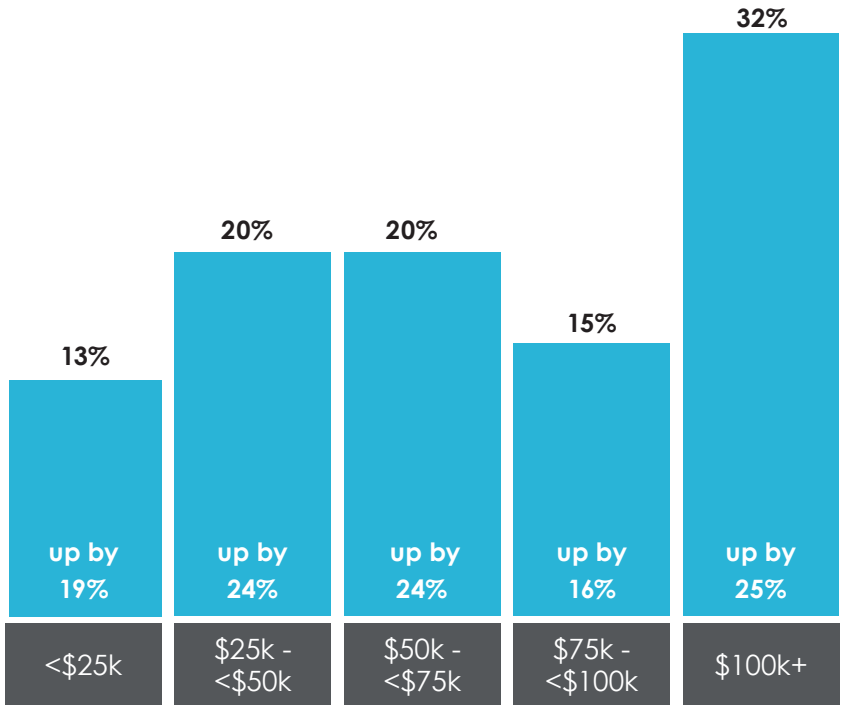


F or Q2, 2014

Millennials lead in smartphone adoption. As seen in the chart above close to 85% of 18-34 age group population in US owns a smartphone.[1,5]

Smartphone Users - Household Income

32% of smartphone owners belong to households with income $100k +. This is also the fastest growing segment.



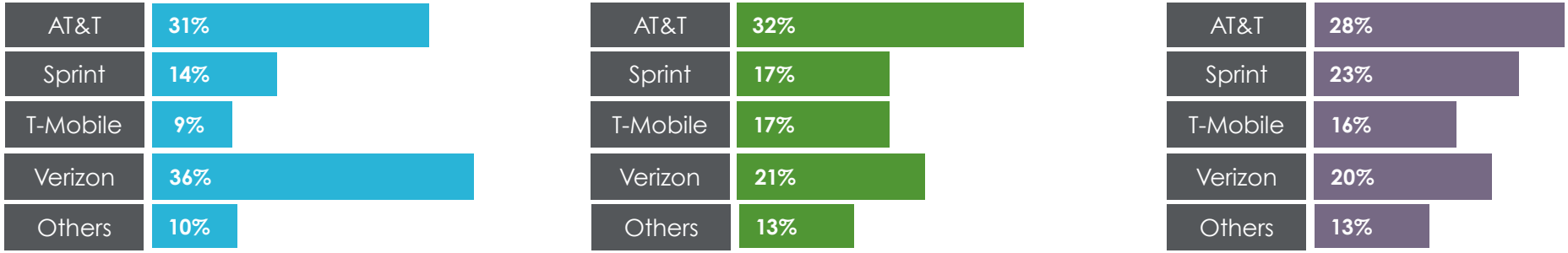
F or Q2, 2014

Smartphone adoption is growing fast among all household income segments.[1]

Sources: comScore MobiLens, Q2, 2014 (3 months avg.), Nielsen Cross Platform Report, Q2, 2014

Smartphone Users Wireless Carriers - By Ethnicity

Caucasian · Hispanic · African American



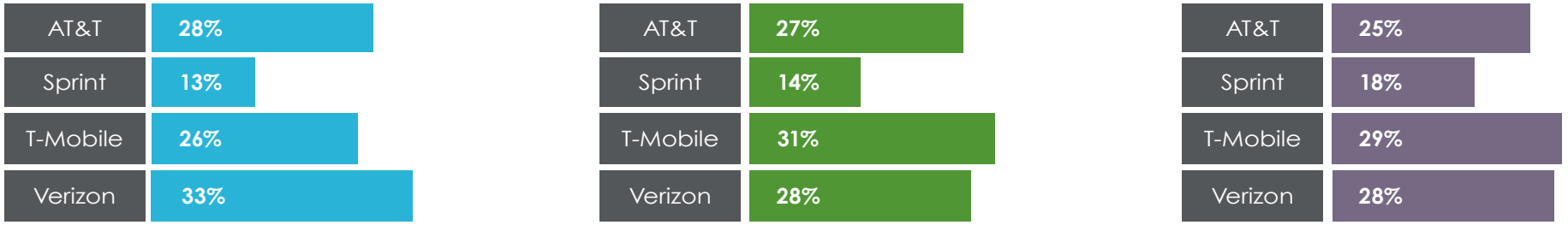
More than one-third of Caucasian smartphone owners use Verizon as their mobile carrier. However, for Hispanics and African Americans, AT&T is the most used wireless carrier.

Likely to Switch Carrier - By Ethnicity

Caucasian · Hispanic · African American

21 million **8 million** **5 million**

More than **34 million** smartphone owners are likely to switch to any of the top four wireless carriers



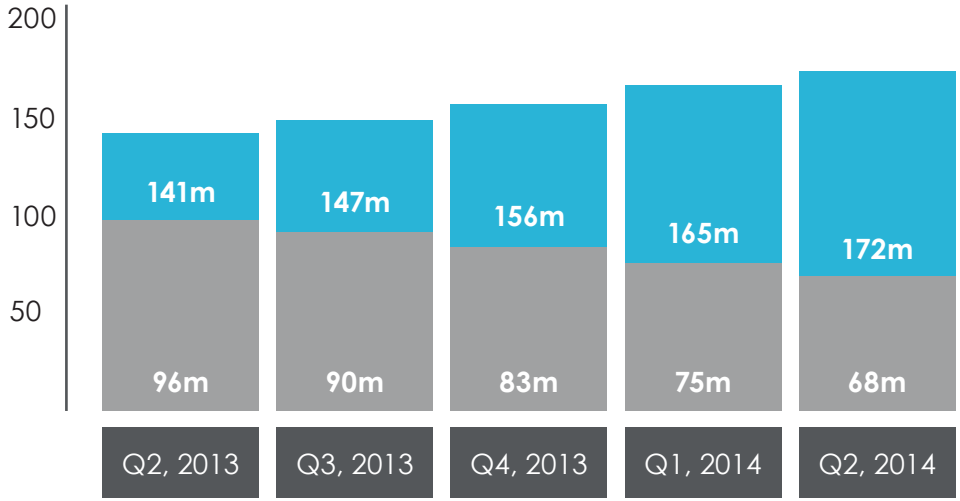
Caucasians who are likely to switch to a new wireless, one-third are preferably going to chose Verizon.

Hispanic smartphone owners are likely to choose T-mobile as thier next wireless carrier.

T-Mobile is the most likely choice for African American smartphone owners for their next wireless carrier.

Sources: comScore MobiLens, Q2, 2014 (3 months avg.)

Smartphone vs Non-Smartphone Users
(IN MILLIONS)

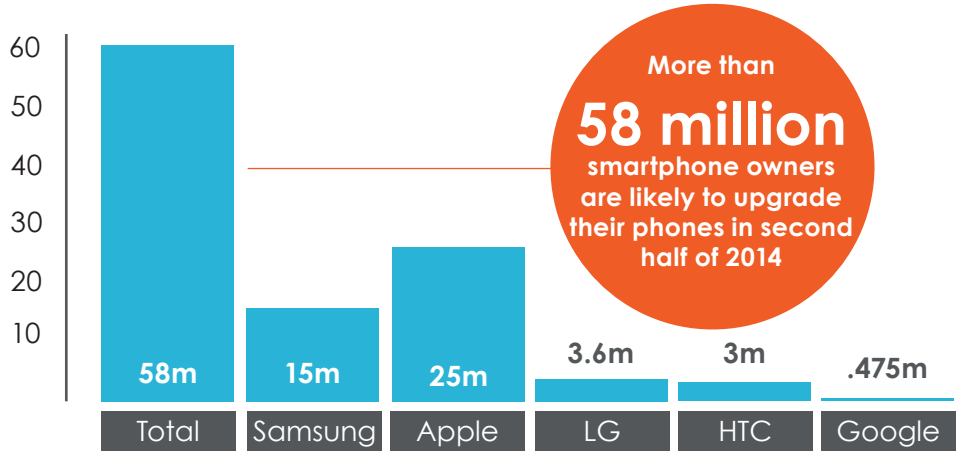


A look at quarterly analysis reveals close to 7-8 million non-smartphone users are upgrading to smartphone quarterly.[1]

This is an important audience segment for marketers considering these first time smartphone users will be more curious & cautious about the services and products offered by different mobile companies. The marketing message needs to be apt and thoughtful of building trust & loyalty among these consumers.

Smartphone Users Non-Smartphone Users

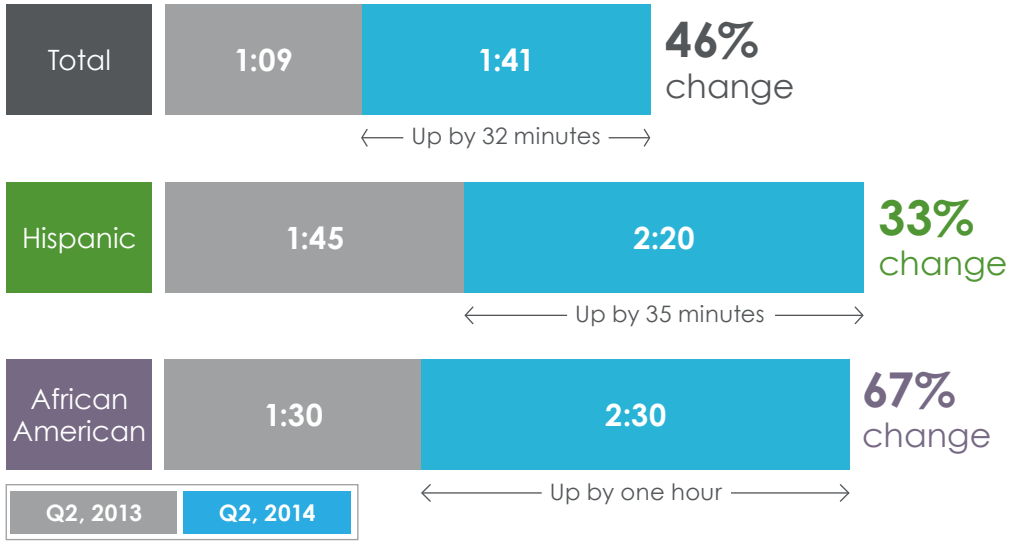
US consumers who are likely to upgrade their phone in 2014 (2H)
(IN MILLIONS)



More than 25 million smartphone owners are likely to upgrade to an Apple smartphone. Samsung is not far behind with close to 15 million users looking for an upgrade. This opens up a huge challenge for marketers who need to make sure they get the right product messaging in their marketing campaigns.[1]

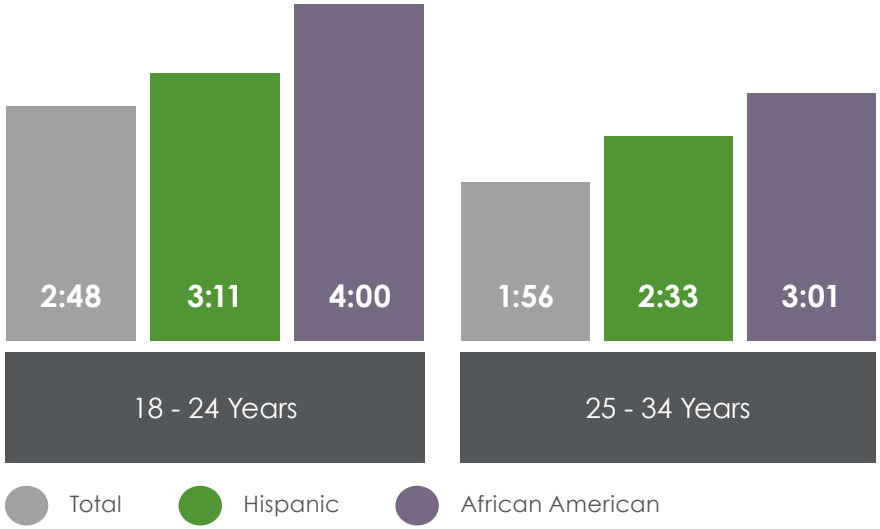
Sources: comScore MobiLens, Q2, 2014 (3 months avg.)

Monthly Time Spent Watching Video on Smartphone



Hispanic and African American audience mobile video consumption is significantly different from Caucasian. Marketers need to address this when devising a marketing strategy for mobile.[5]

Millenials - Monthly Video Consumption on Smartphones



Millennials by far outpace all other age groups when it comes to video consumption on mobile devices. African Americans spend 4 hours monthly watching videos on mobile phones much higher than US average of 1 hr 41 min.[5]

Smartphone Video Consumption

73%

increase in smartphone video consumption from Q1, 2013 to Q1, 2014

246%

increase in TV everywhere Authentication on Smartphones from Q1, 2013 to Q1, 2014

Smartphones has given consumers a tool to access any information at all times and everywhere. With its video capabilities, smartphones are redefining TV vieweing expereince. As seen above, there is an exponential rise in consumers who hve authenticated TV viewing on their smartphones.[7,8]

Sources: Nielsen Cross Platform Report, Q2, 2014, Adobe Digital Index, 2014, Adobe Video Benchamark, 2014

Vdopia Telecom Campaigns

6x

CTR performance for video ads when compared to banner ads for Telecom campaigns.

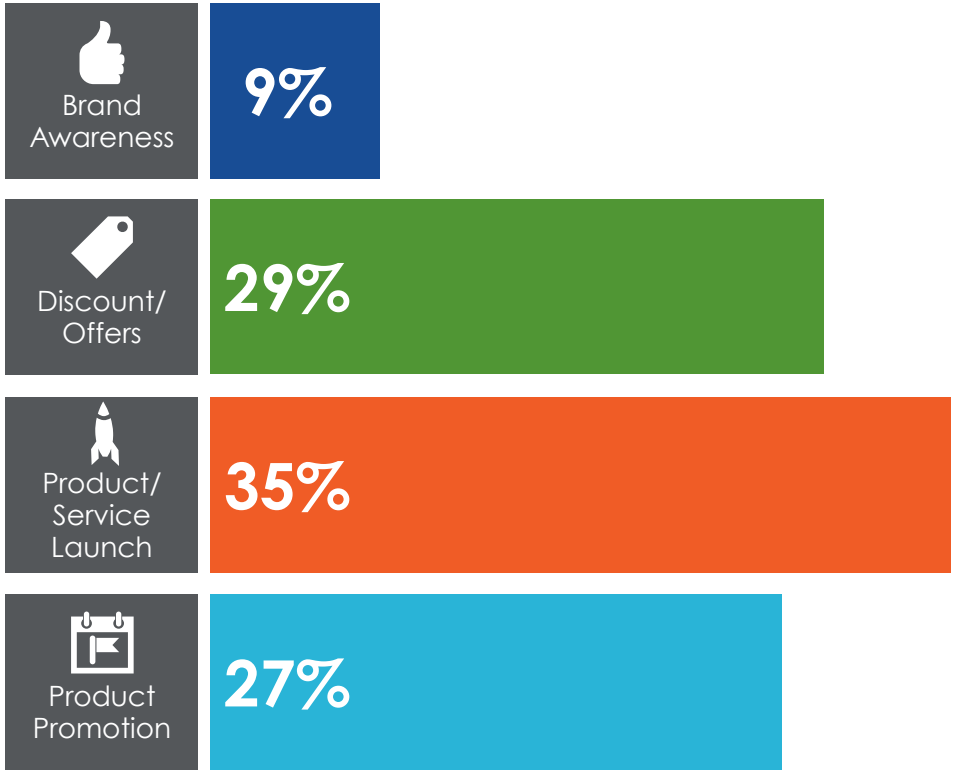
$77%

of total ad spend by telecom advertisers went to Video and Rich Media ads. Banner ads hold less than 25% of total revenue for telecom and is expected to decrease further

60%

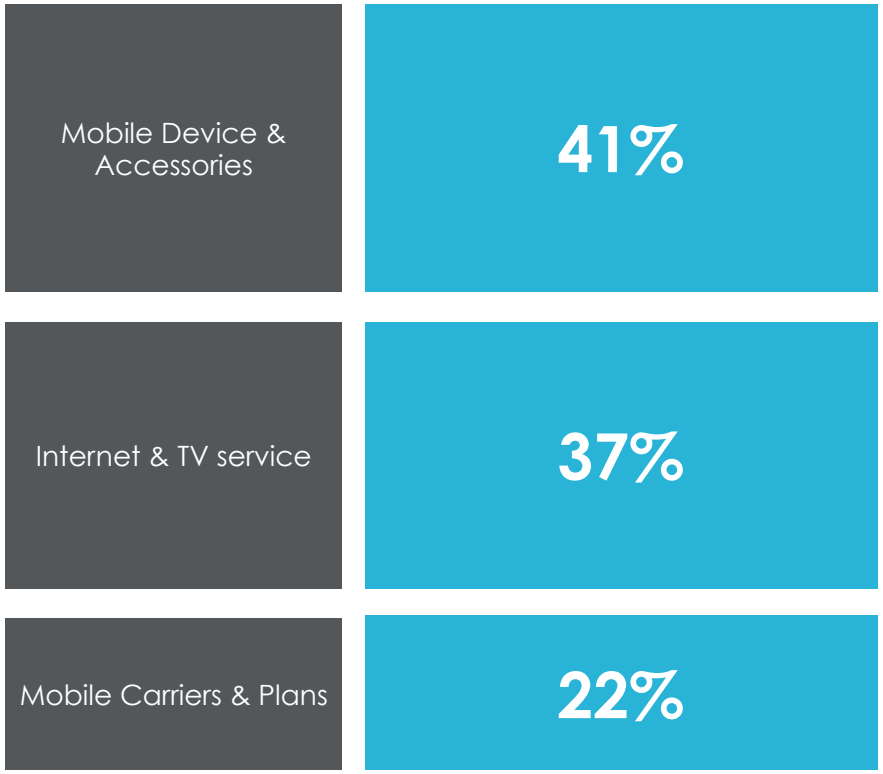
of total ad impressions for telecom campaigns were video ads. With video consumption on rise, telecom marketers are leveraging video ads to reach smartphone audience in an engaging and intuitive manner. [10]

Campaign Objective



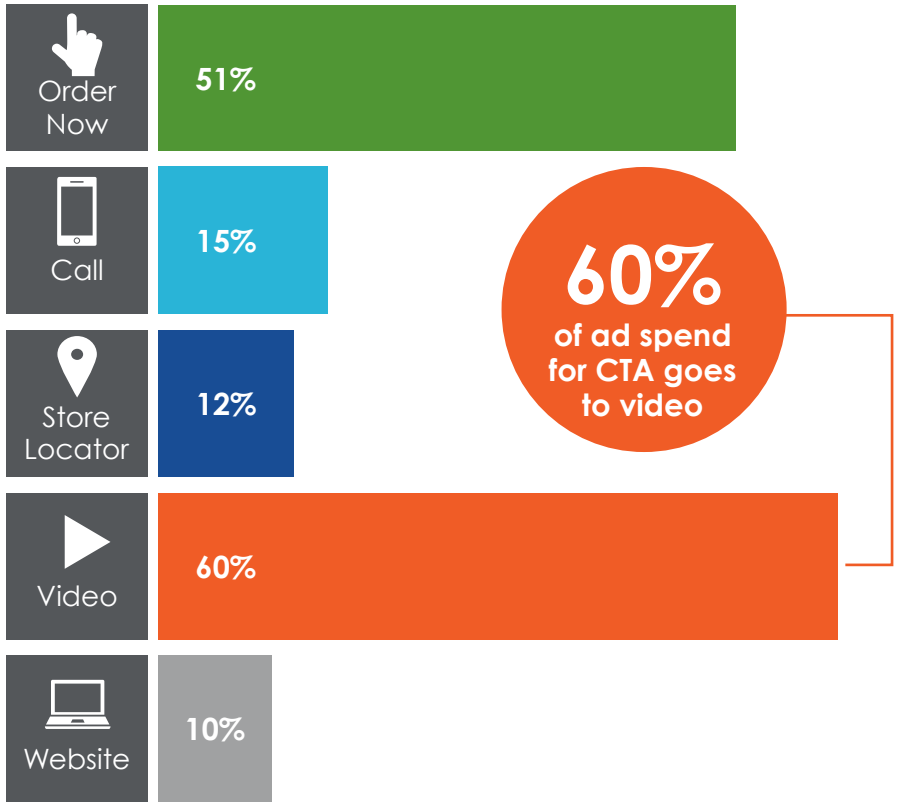
Launching a new mobile device or new data plan? Mobile seems to be the most popular medium for reaching out to audiences in an engaging manner. As seen on Vdopia platform, Product launch followed by Discount offers and Product promotion are the three most popular ad campaign objectives for telecom marketers.[9]

Advertiser Type - Share of Campaigns



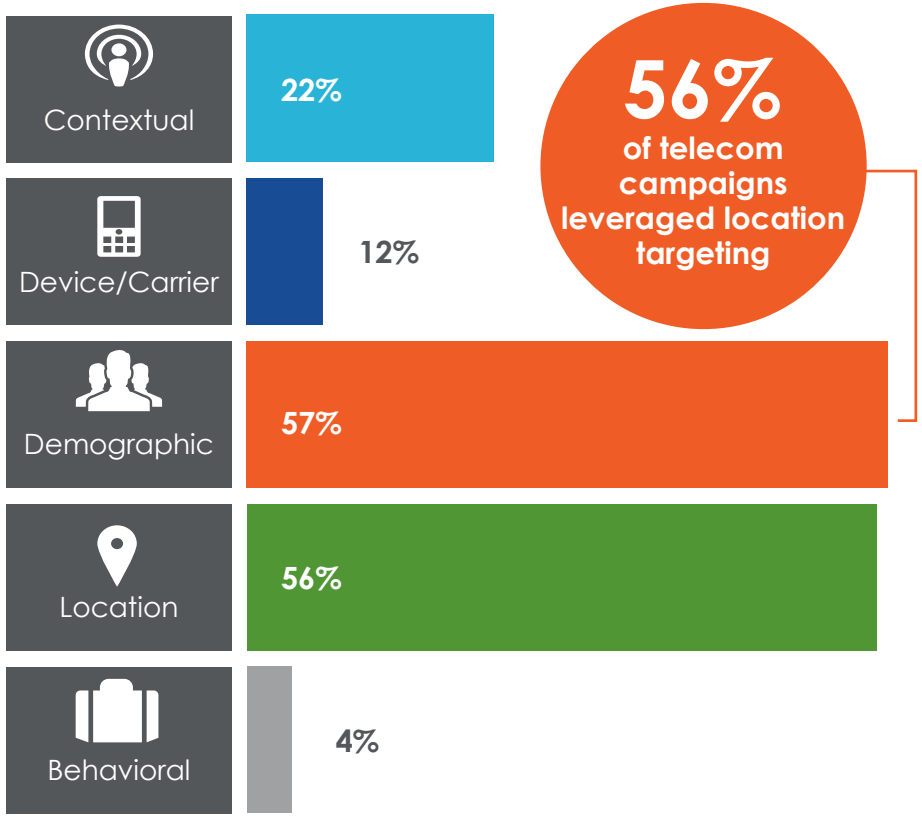
More and more mobile device companies look at mobile for engaging and reaching out to new and existing consumers. Since, the time spent on mobile is outpacing all other mediums, all Telecom marketers are actively using mobile as channel for creating brand loyalty and acquiring new customers.[9]

Primary Call to Action (CTA) - Ad Spend



When it comes to engaging user with an ad creative, video comes out as the most preferred method. Understandably, so as seen in the report earlier with increasing video consumption on smartphones, comes a great opportunity for marketers to leverage this ad format for conveying the right marketing message. Also, other popular action buttons like Order now and Call are gaining popularity among smartphone users.[9]

Targeting - Share of Campaigns



Telecom marketers leverage mobile's unique advanced targeting capabilities to reach out to demographically relevant audiences for their marketing campaigns. Using a right combination of different targeting parameters, telecom marketers can reach out to the right audiences, at the right time and at the right place.[9]

10 Action Items To Create A Successful Telecom Mobile Marketing Campaign

1 Target Teens & Millennials

Early adopters and fastest growing segment when it comes to smartphone ownership. Interestingly, 25-44 age group is also the one which is most likely to switch mobile carriers[1]

2 Delight Consumers with Video Ads

Video ads drive 6 times better interaction that banner ads. Leverage video ads to deliver quality content and delight consumers[9]

3 Leverage Multicultural Targeting

Multicultural audience in US have varying mobile behavior in terms of video conumption, time spent and device & carrier preferences.

4 Use Location Targeting

Leverage precise location to drive consumers to store or target DMA level in case you have come out with a new product/data plan for a region

5 Execute Multiple Video Ad Creatives

Create multiple video ads for same campaign to continually deliver fresh content and build a lasting relationship

6 Intelligently Use English & Native Languages

Create same ad creative in English and Spanish for Hispanic telecom audience as studies have shown the Hispanic audience audience consumes media in both languages[10]

7 Refine Your Marketing Message

A focus and precise marketing message that clearly addresses main pain points like cost of device upgrade, cost of data plan, better 4G and overall network quality

8 Drive Action

Clear Call-To-Action buttons is a great way to get the consumer engaged & interact with your brand

9 Excite New Consumers

For new consumers the messaging needs to be apt and concise. Delight consumers with discounts/promotional offers to build brand loyalty

10 Tap Influencers

Current consumers play a huge role in influencing friends/relatives looking for upgrading phones or switching carriers. Make sure you use carrier targeting capabilites of mobile to further strenghten your relationship with this audience segment

Sources: comScore MobiLens, Q2, 2014 (3 months avg.), Vdopia Network, ThinkNow and Sensis, Wave 1, April, 2014

Terms and Definitions

Smartphone Audience. Consumers who own and operate a smartphone

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 arecategorized as follows: Banner, Rich Media and Video

Banner Ad. A rectangular static advertisement placed either on top or at the bottom of a mobile webpage 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

Paid TV/Video. Allows users to select and watch TV content or video via subscription-based services

Internet & TV Service. Consumers who own and operate a smartphone

ISPs (Internet Service Providers). Organization that provides services for accessing, using, or participating in the Internet

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

African American. American citizens of African descent.

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

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 shoppers, news readers and more.

Mobile Carriers & Plans. Organizations that provide wireless & internet telecommunication network
Mobile Device and Accessories - Organizations that manufacture and sell mobile device and accessories

Sources

1 comScore MobiLens, Q2, 2014 (3 months avg.)

2 FCC, Eighth Broadband Progress Report, Estimated (US Population - With no broadband)

3 Q2, 2014 Quarter Filings - AT&T, Verizon, T-Mobile, Sprint

4 Google Play - Verizon FiOS, AT&T Wireleine, Comcast, Time Warner Cable

5 Nielsen Cross Platform Report, Q2, 2014

6 Kantar Worldpanel ComTech

7 Adobe Digital Index, 2014

8 Adobe Video Benchamark, 2014

9 Vdopia Network

10 ThinkNow and Sensis, Wave 1, April, 2014

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