

Vdopia Mobile Insights

Vol 3.1, July 2014

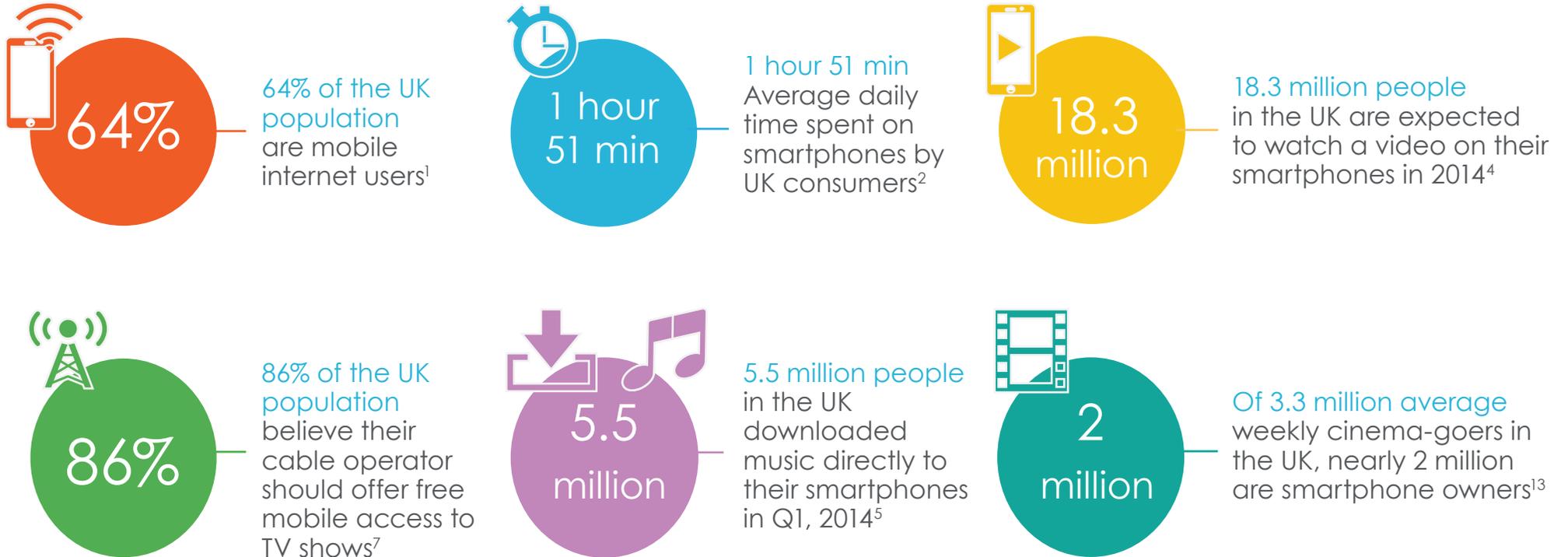
MOBILE ENTERTAINMENT REPORT

UK, 2014



The global leader in mobile video advertising.

Why is mobile important for entertainment marketers?



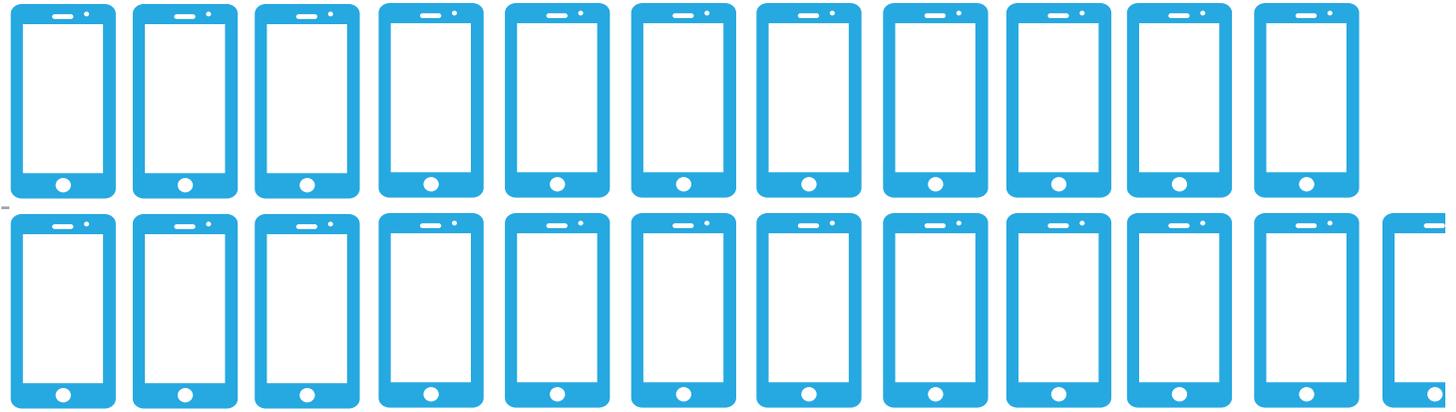
Through this report, we look at the latest industry trends on entertainment consumption on smartphones. We have also monitored entertainment campaigns on the Vdopia UK network for the past 12 months and identified key trends that shall offer our clients comprehensive perspective in pursuing and developing mobile marketing strategies. To give an overview, above are some key industry trends which call for thinking “mobile first”

Entertainment Market Overview

22.8

million consumers in UK who access entertainment content on their smartphones

Each phone icon represents a million users



Source: comScore MobiLens, Q1, 2014

83%

of UK consumers prefer buying event tickets online

Source: ticketscript, 2013



Source: comScore MobiLens, Q1, 2014

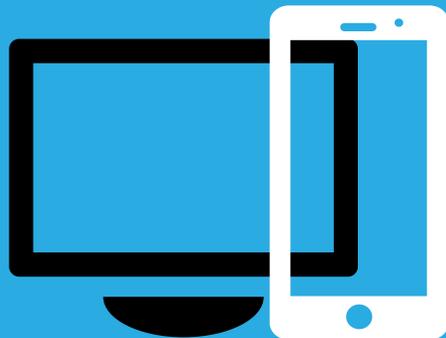
34%

of the smartphone entertainment audience recall seeing an ad on their smartphones

53%

of UK population use their smartphones or tablets while watching TV

Source: Ofcom, 2013



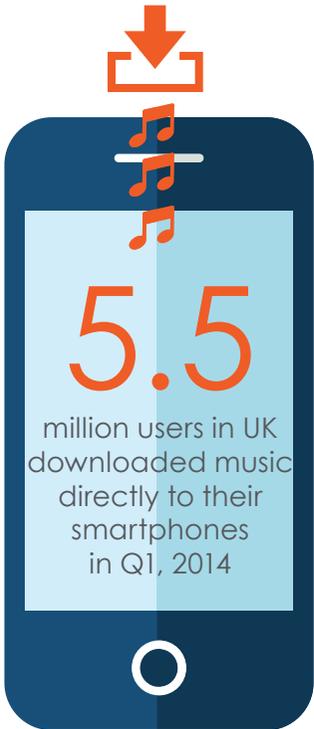
1.5x

increase in number of entertainment campaigns on Vdopia network in the last year

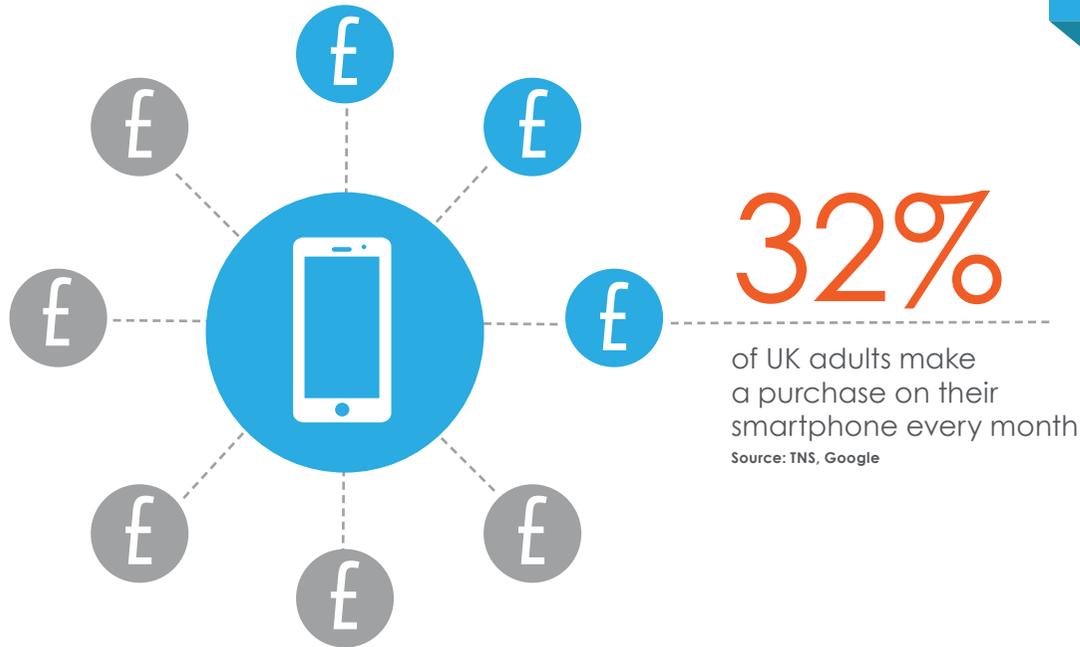
Source: Vdopia Network



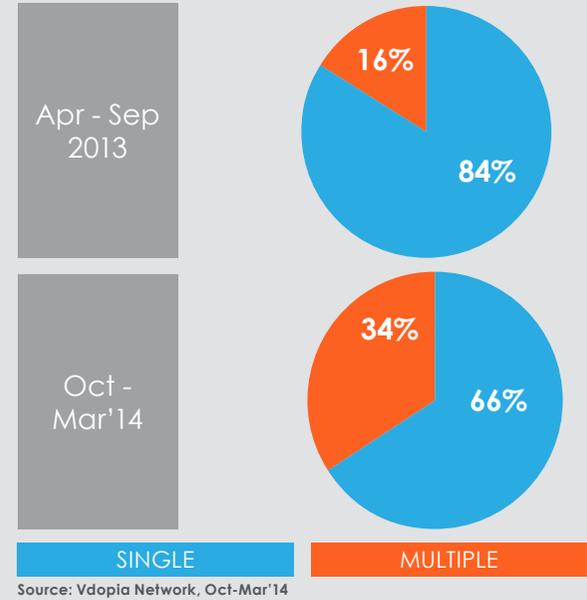
Source: Millward Brown, 2014



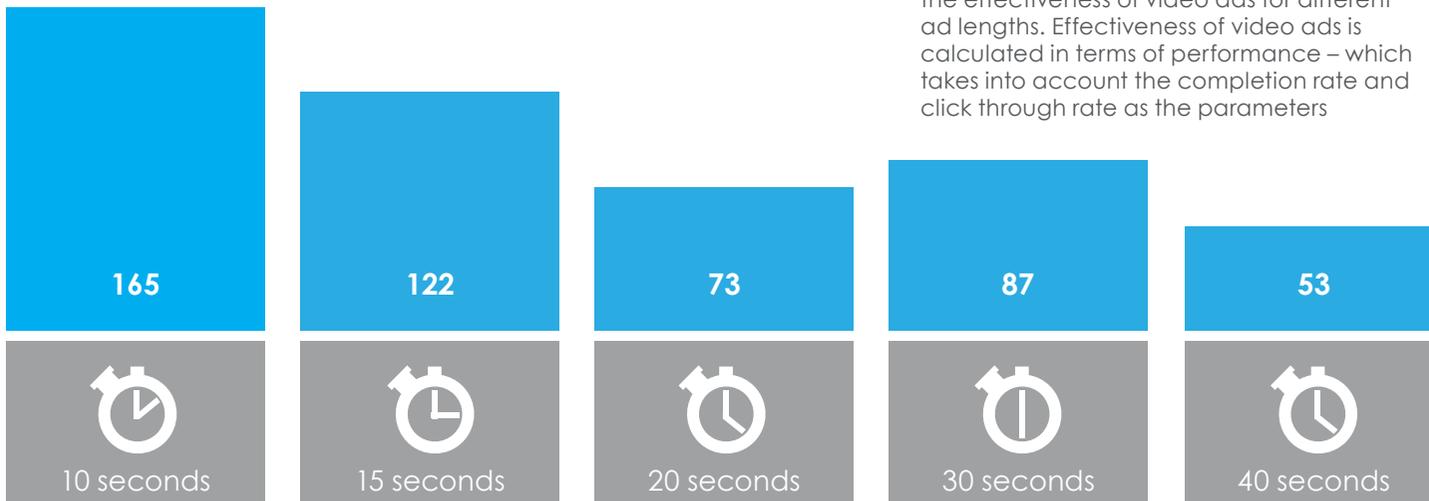
Source: comScore, Mobilens, Q1, 2014



Multiple Video Ad Creatives in a single campaign



Performance By Ad Length

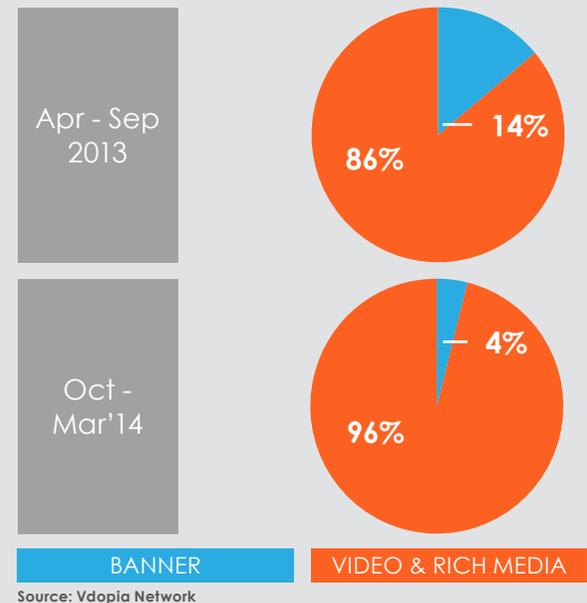


Source: Vdopia Network, Oct-Mar'14

VIDEO PERFORMANCE INDEX

Video Performance Index (VPI) measures the effectiveness of video ads for different ad lengths. Effectiveness of video ads is calculated in terms of performance – which takes into account the completion rate and click through rate as the parameters

Ad Unit Share of Impressions



Smartphone Entertainment Audience

15% INCREASE

% growth in last one year

More than 22 million smartphone owners accessed entertainment content on their smartphones in the UK in Q1, 2014.⁵

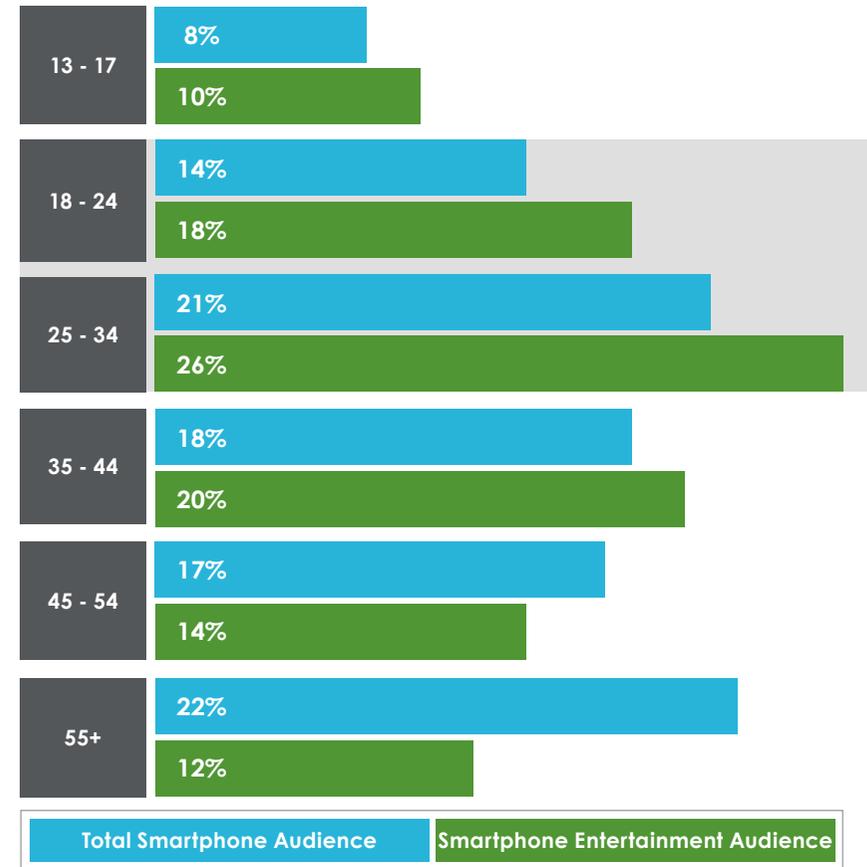
4G Subscribers

293% INCREASE

% growth in last one year

Rise in 4G adoption by the Smartphone Entertainment Audience has been overwhelming. Faster mobile internet speeds open up new avenues for marketers who can now stop worrying about video/page load time and offer high quality, interactive video and rich media ads.⁵

Demographics - By Age



44% of the smartphone entertainment audience belong to the 18 - 34 age group

Smartphone Entertainment Audience : Male - 50%⁵

Key trends for young male movie going audience in the UK

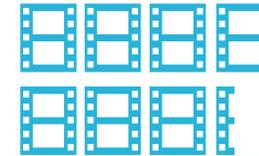
25% of total movie going audience

Males from 18 - 34 age group comprise 25% of all the movie going audience in the UK



Heavy Mobile & Internet Users

18 - 34 age group male audience are heavy mobile and internet users



Visit Cinemas 7.3 times a year

In the UK, young male audience (18 - 34) visit cinemas on an average 7.3 times a year⁸

Smartphone Entertainment Audience : Female - 50%⁵

Key trends for female movie going audience in the UK

75% of the female moviegoing audience owns a smartphone



Sociable Event

Females consider movies a much more sociable event i.e. they are likely to go for a meal or a drink after the movie, thus, opening up opportunities for restaurants and bars to target this audience⁸



Group of 3

On an average, females attend movies in a group of three

Recall Seeing an Ad



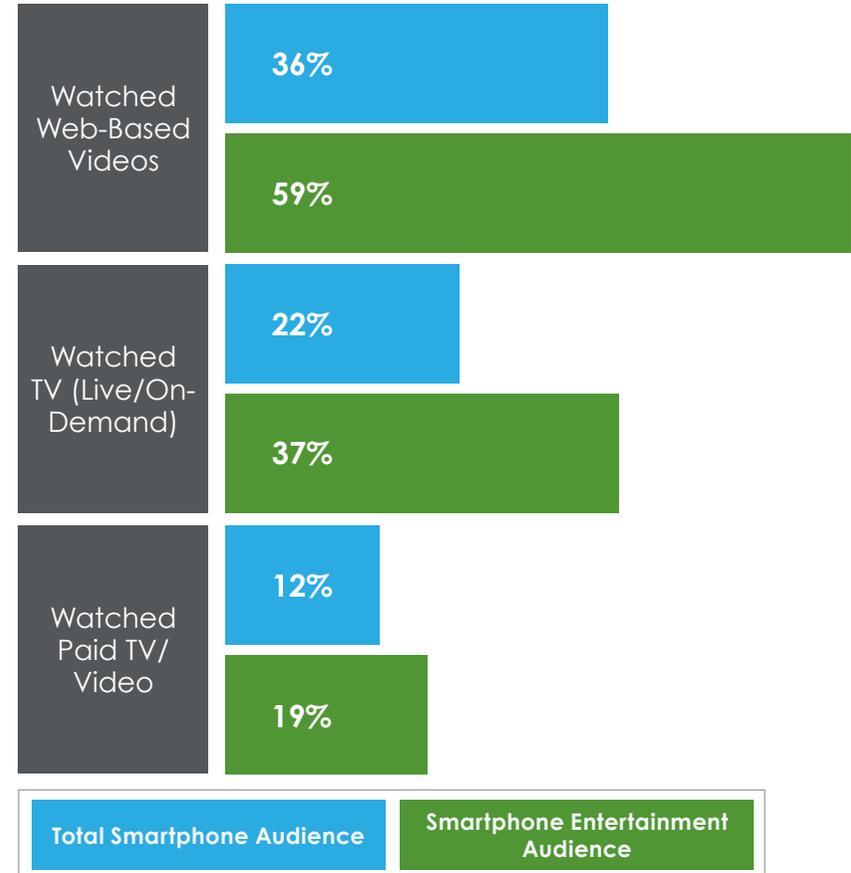
More than one - third of Smartphone Entertainment Audience recall seeing an ad on their smartphones. This is an interesting trend considering less than a quarter of the total smartphone audience recall seeing an ad on their smartphones.⁵

Tapped on an Ad



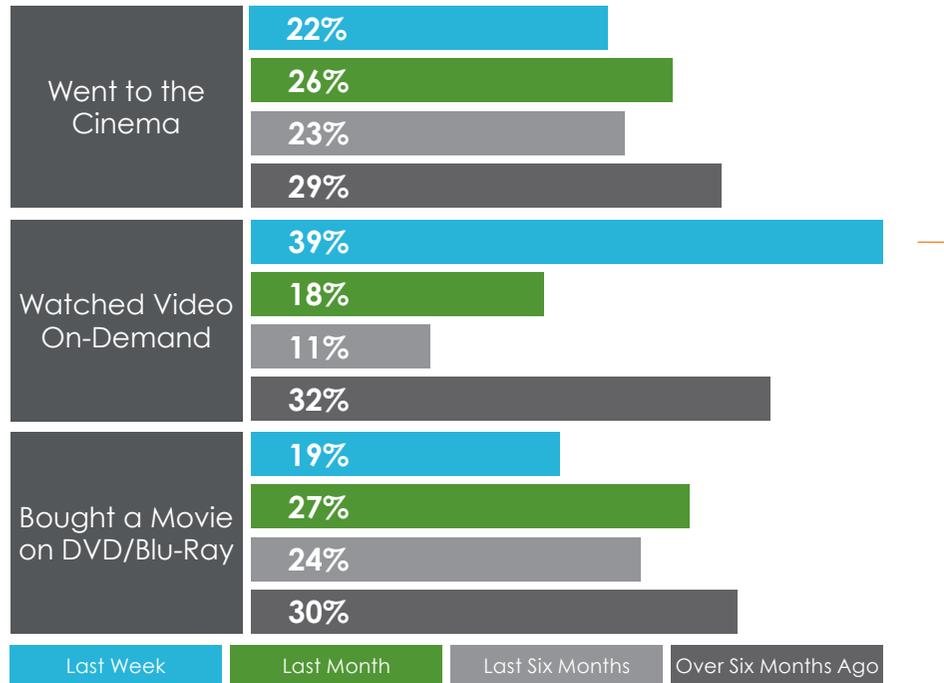
Smartphone Entertainment Audience are much more likely to tap on an ad on their smartphones when compared to the total smartphone audience.⁵

Type of Video Watched on Smartphone



Smartphone Entertainment Audience are avid video viewers considering nearly 60% watch web based videos and more than one - third watched TV (Live/On-demand) on their smartphones in Q1, 2014.

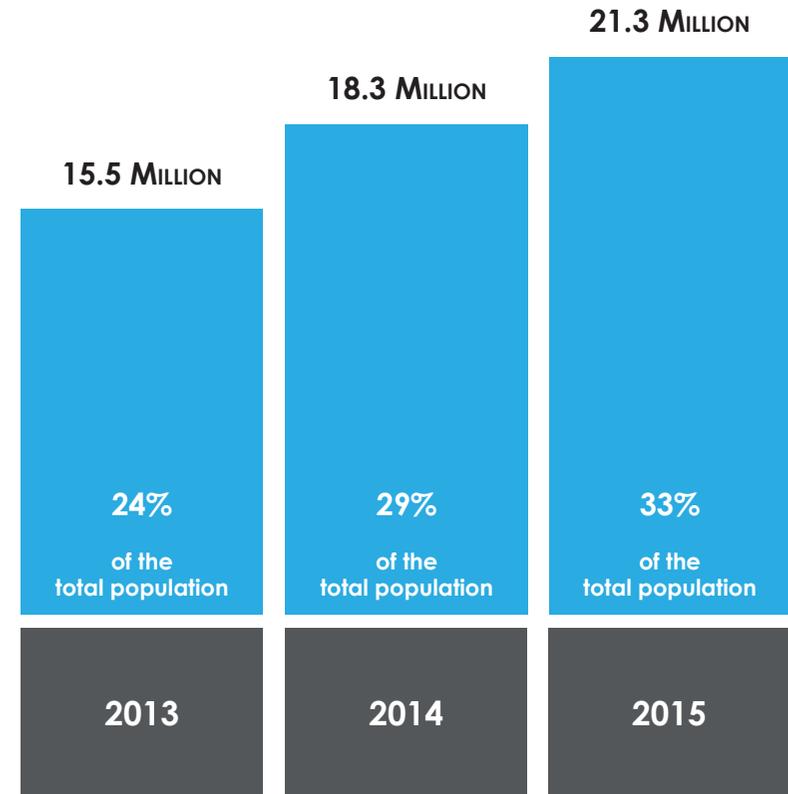
Smartphone Owners - Movie Watching Behaviors



39% of smartphone owners have watched video on-demand within the last week

Smartphone's unique proposition is it's handy and available with the audience most likely throughout the day. Film production companies can leverage this to reach out to the audience. As seen in this study, nearly 30% of UK smartphone owners went to the cinema, watched video-on-demand or bought a movie on DVD/Blu-Ray in the last week.¹¹

Smartphone Video Viewers

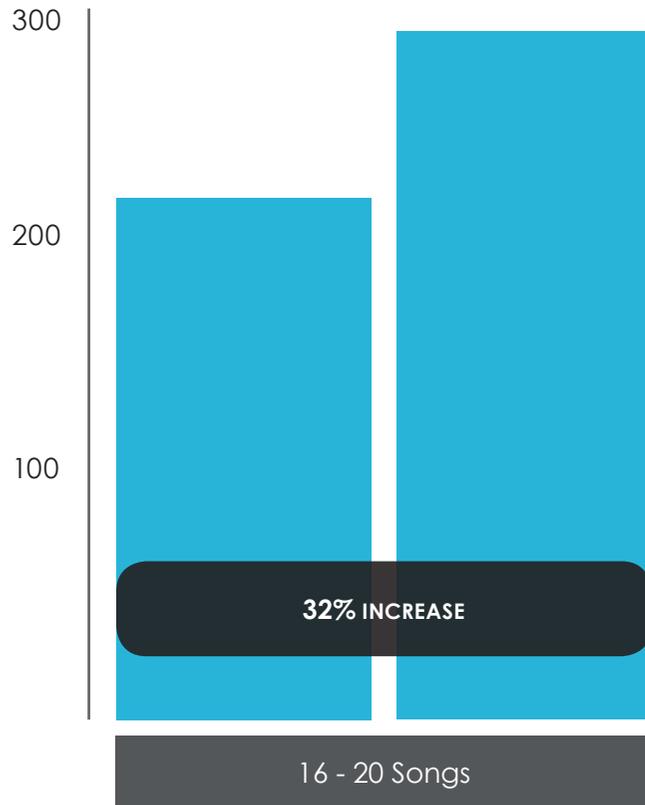


Smartphone Audience as % of the population

More than 18 million people in the UK are likely to watch a video on their smartphones in 2014. Interestingly, it is an upward trend and by 2015 this number will jump to more than 21 million smartphone owners.⁴

Downloaded Music to Smartphone

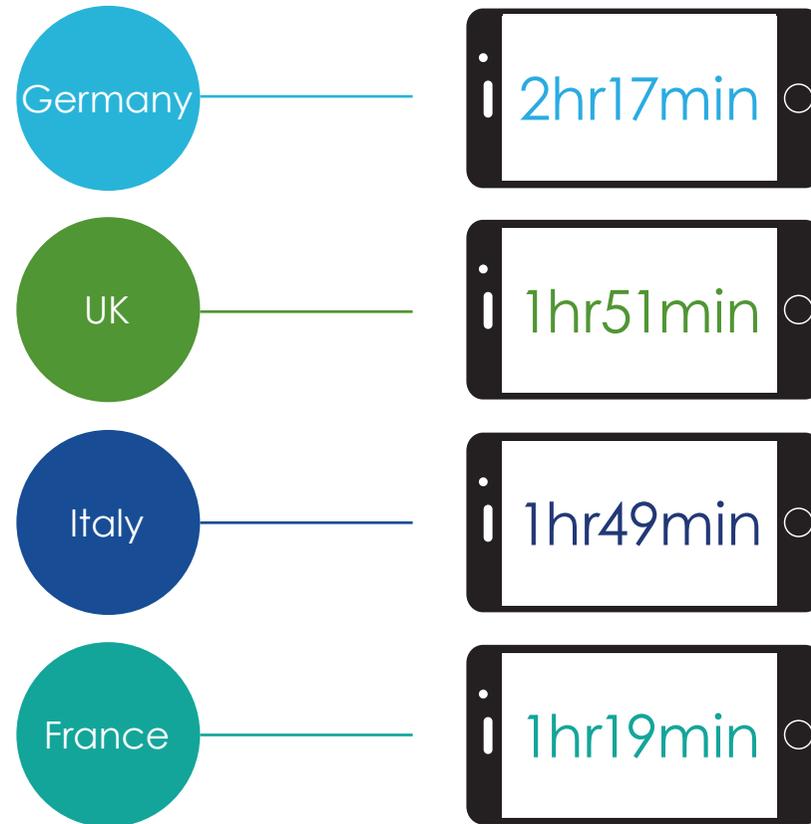
in thousands



One-third increase in UK smartphone entertainment audience who downloaded 16-20 songs directly on their smartphones in Q1, 2014

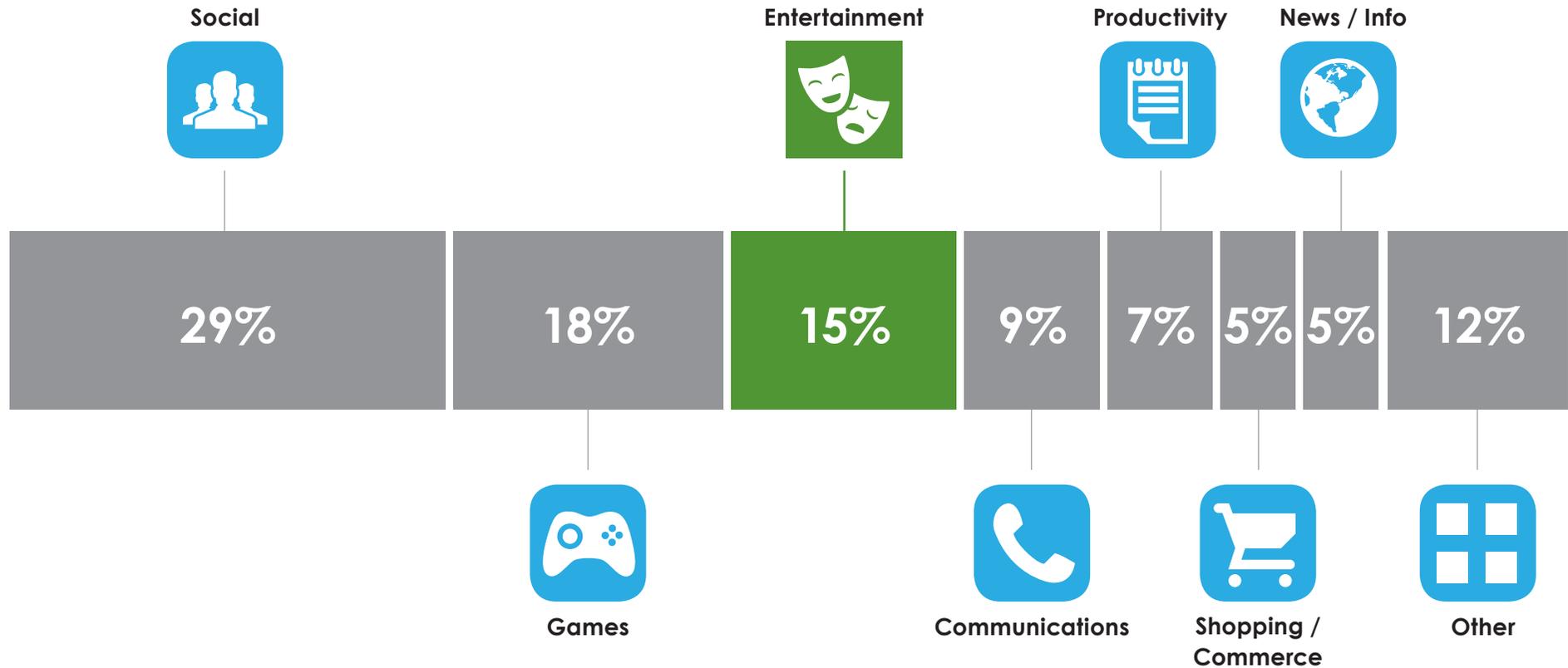
Time Spent on Mobile

Average Daily Time Spent on Mobile



As mobile is becoming an indelible part of our daily lives, more time spent on mobile device offers more opportunity for marketers to engage and delight consumers with effective advertising campaigns.²

Share of Time Spent with Smartphone Apps



Time spent on entertainment apps is three times the time spent on shopping or news apps.

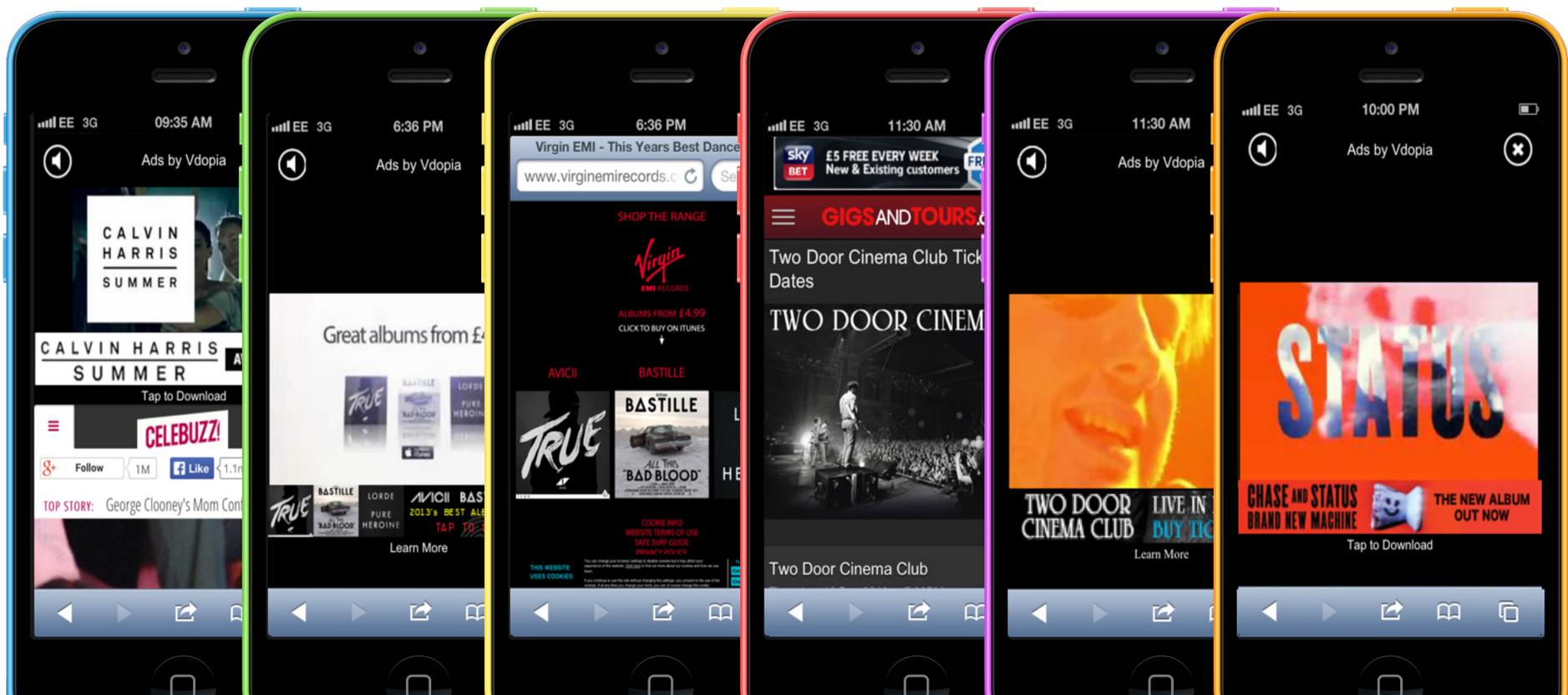
It is astonishing to see, the time spent on entertainment apps is nearly equal to time spent on communications and productivity apps put together. Thus, emphasizing the fact that entertainment consumption is high on smartphones.¹⁰

1 Entertainment is the no.1 vertical in terms of ad spend on the Vdopia network in the UK in the last year

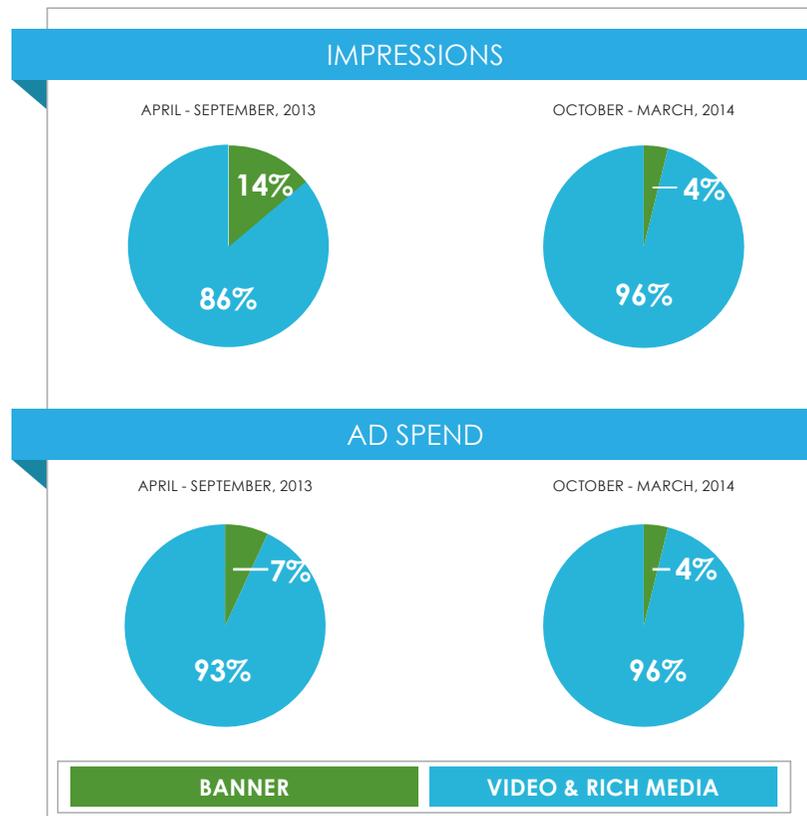
46%

growth in entertainment campaigns on the Vdopia network in the UK in the last year

4 Entertainment brand types that advertised on the Vdopia network. It includes:
 Film Studios
 Music Publishing Houses
 TV Channels
 Live Events Companies

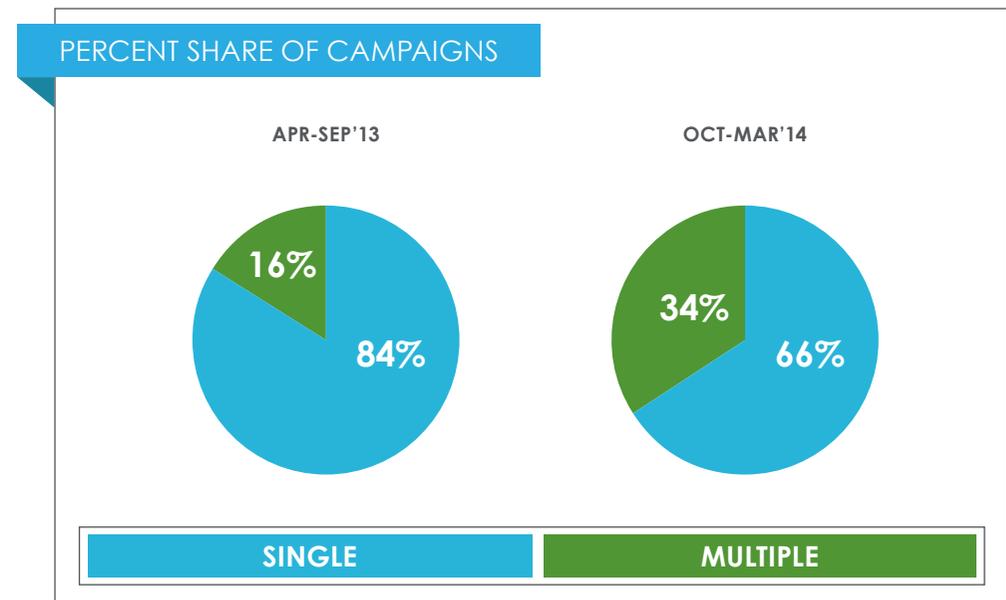


Entertainment Campaigns by Ad Format



Entertainment marketers are realizing the importance of video ads to engage audiences in meaningful conversations. Banner ads are quickly paving the way for more engaging, interactive and high quality video ads. Banner ad share of impressions account for less than 5% of total ad impressions for entertainment campaigns in the given six month time period.³

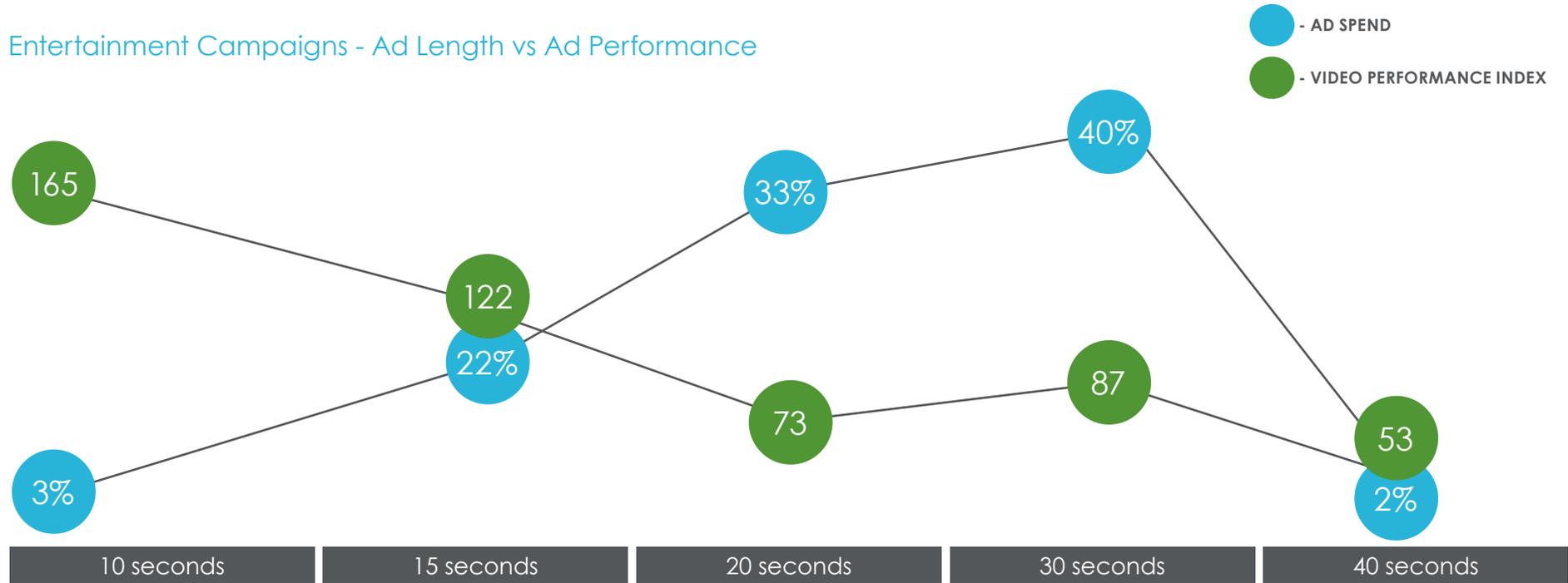
Number of Video Ad Creatives Per Campaign



With increasing mobile video consumption on smartphones, marketers are leveraging advanced video technology to run multiple video ads in a single campaign. Customized multiple videos help to generate curiosity and helps brands be on top of the minds of consumers for a longer time. Multiple video ads are particularly used in the following scenarios:

- Pre/Post Release - Different ad creative promoting movie/music album pre-release and unfolding post-release with a different version
- Countdown - Different ad creative to be run daily revealing countdown to the TV or movie premier³

Entertainment Campaigns - Ad Length vs Ad Performance



Video Performance Index (VPI) measures the effectiveness of video ads for different ad lengths. Effectiveness of video ads is calculated in terms of performance – which takes into account the completion rate and click through rate as the parameters. Each video ad is assigned a VPI score. We then segment video ads by ad length and respective ad spend to come up with current industry scenario and corrective measures to be taken.

As seen in the chart above, 10 sec and 15 sec ads are the best performing ad lengths for entertainment ads as these ad lengths have a VPI score of above 100. As we move towards longer video ad formats, the VPI score tends to decrease signifying consumers find shorter video ads more appealing and intend to engage more. 10 sec ads are likely to be more than twice as effective as 20 sec ads.

However, it is surprising to see that advertising budgets are inclined heavily towards 20 sec and 30 sec video ads. This may be attributed to the fact that marketers re-purpose TV ads for mobile. Re-purposing is a viable solution if the ad length can be decreased by removing any secondary messaging and adding an interactivity element. Even for a native mobile video ad, keeping the length short may prove to be a winning strategy for marketers.⁹

*Data from entertainment campaigns that ran between Oct'13-Mar'14 on Vdopia UK network

Key Actionable Insights for Entertainment Marketers

Why should I consider mobile as an ad medium for my next marketing campaign?

- 64% of the UK population is mobile internet user¹
- UK consumers spend 1 hr 51 min daily on their mobile phones²
- 46% increase in entertainment campaigns on Vdopia network in UK³

Does anybody watch video on smartphones?

- 18.3 million are expected to watch a video on their smartphones in 2014⁴
- 33% of total population is expected to view video on their smartphones in 2015⁴

Video ads take more bandwidth, are consumers ready for it?

- 293% increase in 4G subscriber base for smartphone entertainment audience⁵
- More than 7 million 4G subscribers who accessed entertainment content on their smartphones in Q1, 2014⁵

What's the optimal length for video entertainment ads?

- Shorter video lengths (10 sec & 15 sec) offer better performance for engaging consumers³
- With dwindling attention spans, it is imperative create native mobile ads with shorter video length or repurpose TV ads for mobile by cutting down on secondary messaging and adding interactivity elements

I am happy with my marketing campaign on TV, why should I focus on mobile?

- 53% of UK population access smartphones while watching TV⁶
- Share of time spent per day with TV has fallen from 47% in 2010 to 38% in 2014 whereas for mobile the daily share of time spent has increased from 4% to 21%⁴
- 86% of the UK population believe their cable operator should offer free mobile access to TV shows⁷

Who are my target audience on mobile?

- Young audiences (A18-34) are the highest consumers of entertainment content on smartphones (44%)⁵
- 75% of female movie going audience owns a smartphone⁸

Which ad format is most engaging?

- Video & rich media comprise 96% of total ad impressions for entertainment campaigns in UK in Oct'13 – Mar'14 period. Banner ads now hold less than 5% of total entertainment ad impressions and are constantly decreasing³
- Using multiple video ad creative in a single campaign is a popular engagement strategy to drive curiosity for pre/post release of a music album/movie or driving tune-in to a TV premier. On Vdopia's network entertainment campaigns with multiple video ad creatives increased from 16% of total campaigns in Apr-Sep'13 to 34% of total campaigns in Oct-Mar'14.³

Terms and Definitions

Smartphone Entertainment Audience. Consumers who have accessed entertainment related content (it includes Entertainment News & Listings, TV Listings, Music Streaming, Downloading songs) on their smartphones or tablets at least once a month

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 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

Digital Goods. Purchase songs or videos online via smartphone

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

Sources

- 1 We are Social, Jan 2014
- 2 Millward Brown, 2014
- 3 Vdopia Network, UK Apr'13-Sept'13
- 4 eMarketer, March 2014
- 5 comScore MobiLens, March 2014 (3 months avg)
- 6 Ofcom, 2013
- 7 Rovi, 2013
- 8 DCM, UK, Q1, 2014
- 9 Vdopia Network, UK, Oct'13 – Mar'14
- 10 Nielsen, Feb. 2014
- 11 onDeviceResearch, Feb, 2014, 1700 Sample
- 12 Nielsen, Dec. 2013
- 13 Source: FAME 2013

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