



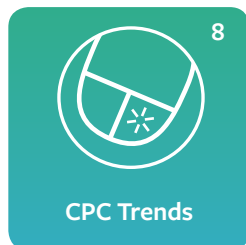
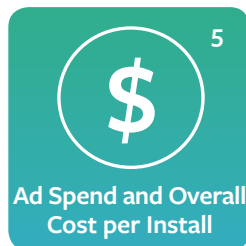
ADVERTISING TRENDS

Publication Date: March 17, 2015



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Kenshoo Mobile App Advertising Trends

Executive Summary

- ▶ Volume of app installs has been keeping steady with growth of category ad spend over the past six months, resulting in a relatively stable Cost Per Install.
- ▶ Impressions, clicks and app installs all cost more on iOS than Android.
- ▶ Android users are more likely to click on a mobile app ad, but once they click, iOS users are more likely to install an app.
- ▶ Gaming apps show higher per-unit prices and lower engagement than Consumer or eCommerce apps, which seems consistent with having a longer history of growth and competition in the mobile space.

Key Metrics

PERCENT CHANGE DECEMBER 2014 VS. JANUARY 2014

Impressions	Clicks	Ad Spend	Mobile App Installs	Cost per Install (CPI)	Cost per Thousand (CPM)	Cost per Click (CPC)	Click-through Rate (CTR)	Click-to-Install Rate
+65% ↑	+20% ↑	+235% ↑	+182% ↑	+19% ↑	+103% ↑	+179% ↑	-27% ↓	+135% ↑

Source: Kenshoo Mobile App Advertising Trends
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Introduction

The Year of Mobile. The End of the Internet (as we know it). Claims about the ascendancy of smartphones have been ubiquitous for years, but amid all these sensationalist headlines, the mobile channel has been steadily figuring out its own identity and securing its place in the digital ecosystem.

Consumers already spend more time on mobile than on desktop¹. Much of that time is spent on mobile apps, to the tune of 9X more time spent than on the mobile web². Increasingly, being “in” mobile as a marketing channel means working with, and through, mobile apps.

As a result, getting consumers to discover, download, install and re-engage with your mobile app has never been more important than today – and more challenging, with 86% of mobile apps installed and used only once before being deleted³. Mobile app advertising continues to increase and expand across gaming to ecommerce and consumer apps.

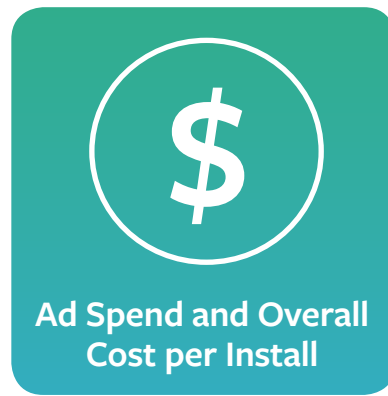
With all of these factors in play, it is important to have research and analysis to help guide user acquisition and retention programs and to ensure that you are optimizing your campaigns most effectively and getting the most out of your budgets. This report—the first in a new series from Kenshoo— provides the relevant data for mobile marketers to better position themselves as the channel continues to grow and mature.

¹ ComScore US Mobile App Report, August 2014 <http://www.comscore.com/Insights/Presentations-and-Whitepapers/2014/The-US-Mobile-App-Report>

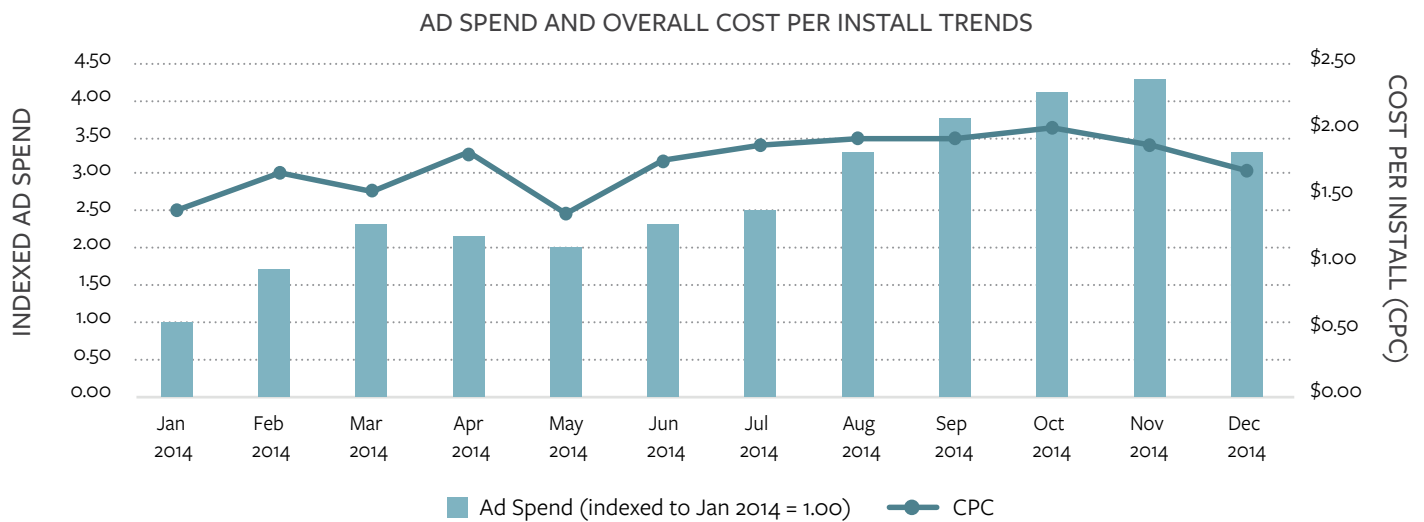
² <http://www.nielsen.com/us/en/insights/reports/2014/an-era-of-growth-the-cross-platform-report.html>

³ <http://www.digitaltrends.com/mobile/16-percent-of-mobile-userstry-out-a-buggy-app-more-than-twice/>

Top Trends



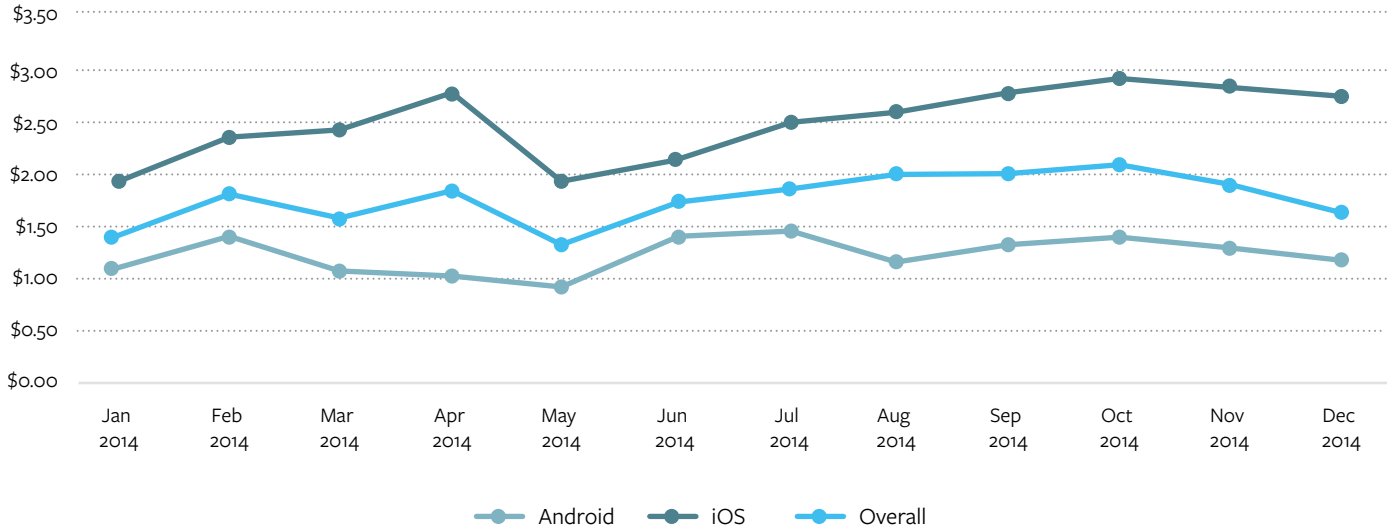
Paid social spend for mobile app advertisers showed steady growth over the second half of 2014, peaking in November and ending the year 234% higher than it started in January. The cost of a mobile app install, however, only rose 19% between January and December.



Source: Kenshoo Mobile App Advertising Trends
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Cost per Install Trends

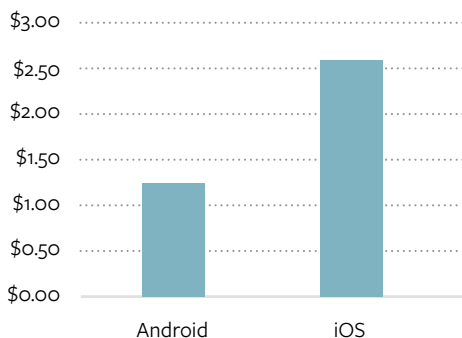
COST PER INSTALL TREND BY OPERATING SYSTEM



Source: Kenshoo Mobile App Advertising Trends
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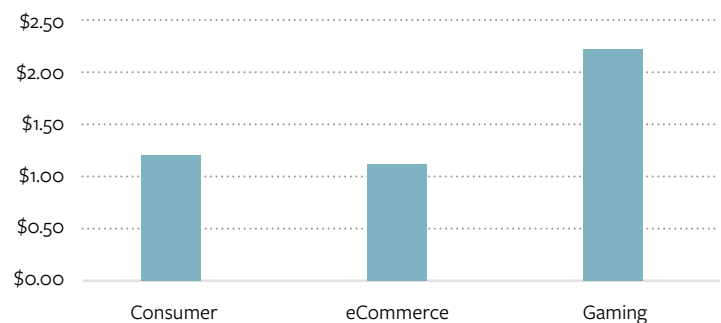
After displaying more volatility in the first half of 2014, Cost per Install (CPI) was relatively stable across both mobile platforms. For the year, Android devices had a CPI less than half of their iOS counterparts, which could indicate either greater competition, perceived value, or just a price premium on Apple devices. Across app types, Gaming carried the highest unit costs.

CPI BY OPERATING SYSTEM (2014)



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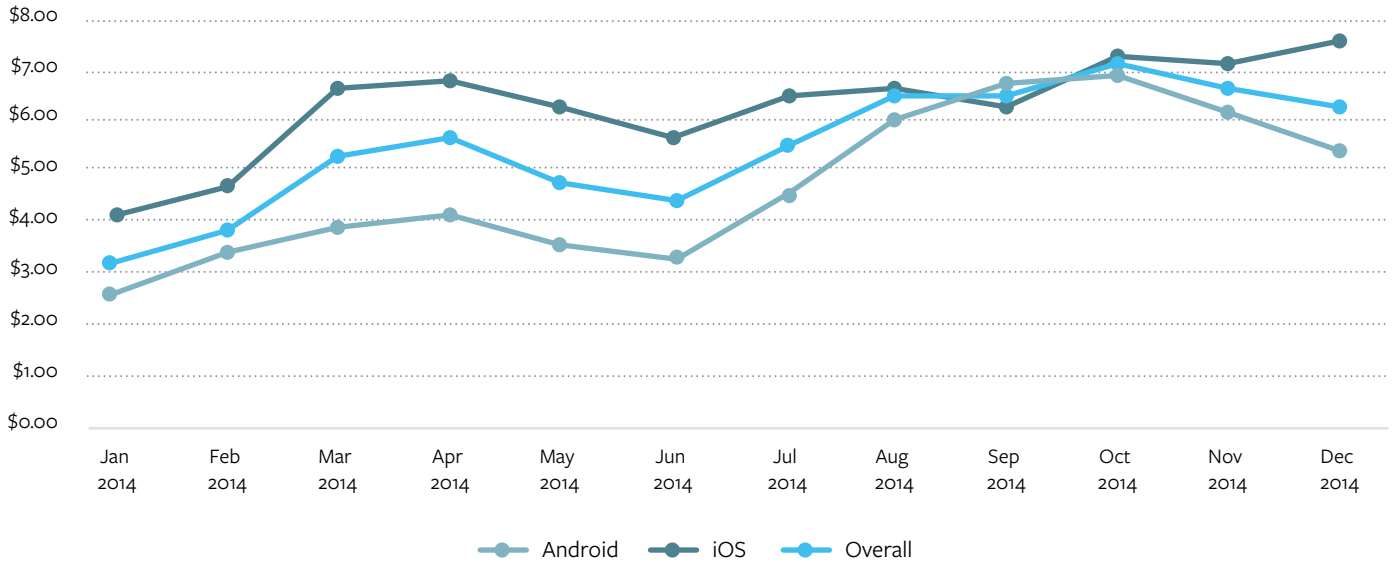
CPI BY TYPE (2014)



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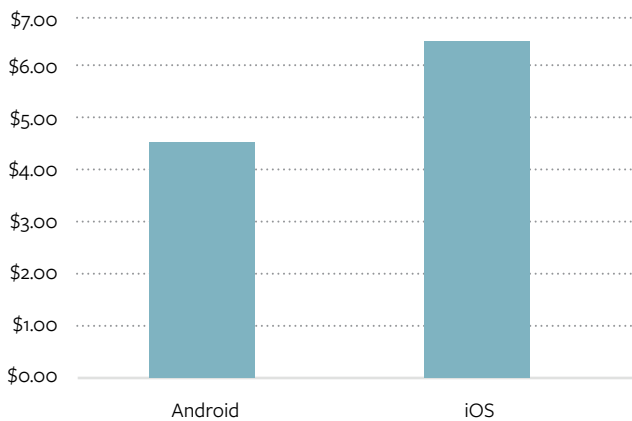
COST PER THOUSAND TREND BY OPERATING SYSTEM



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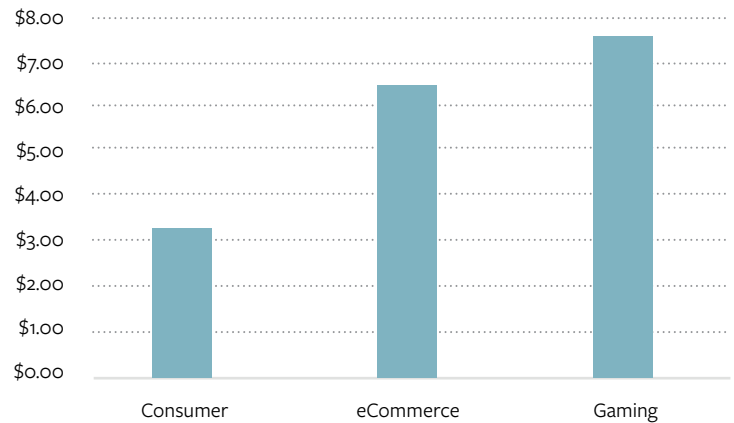
Android CPM rates are typically less than those on iOS, but a surge in Q3 brought them higher than their Apple counterparts before trending downwards in Q4. Overall, monthly CPM rose 103% over the course of the entire year. Gaming and eCommerce impressions cost more than those for Consumer apps.

CPM BY OPERATING SYSTEM (2014)



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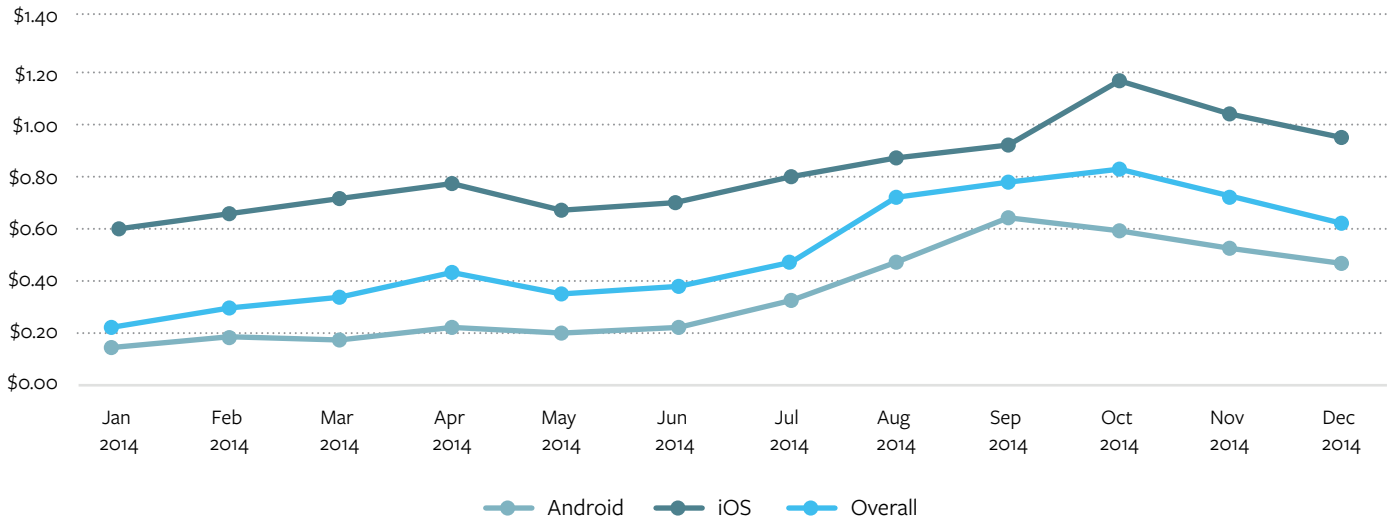
CPM BY TYPE (2014)



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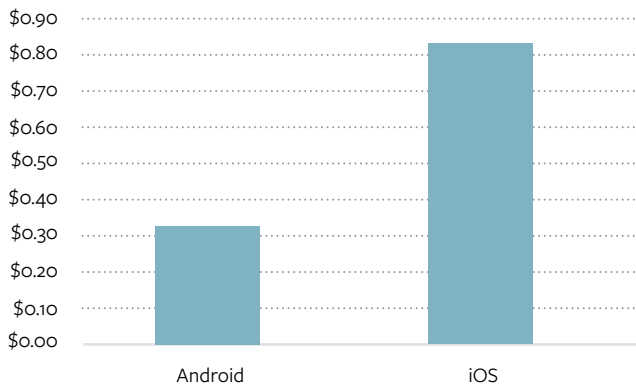
COST PER CLICK TREND BY OPERATING SYSTEM



Source: Kenshoo Mobile App Advertising Trends
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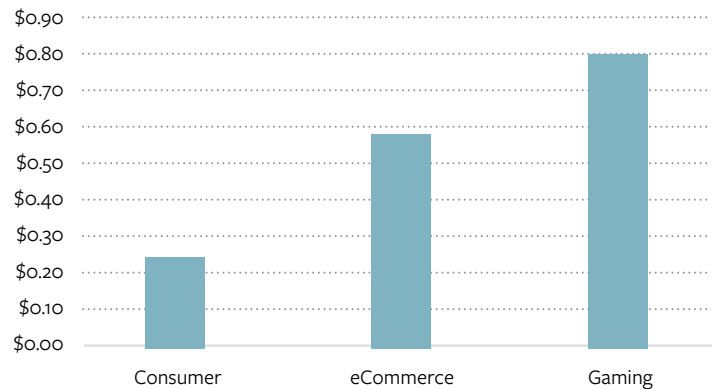
iOS mobile clicks for app advertisers cost more than Android, and here the premium for Gaming apps is somewhat more pronounced. Spikes in pricing trends here likely correspond to promotional and release schedules for specific app titles. The overall rise in monthly CPC was greater than that of CPM over the twelve month period, with December showing a 179% increase over January.

CPC BY OPERATING SYSTEM (2014)



Source: Kenshoo Mobile App Advertising Trends
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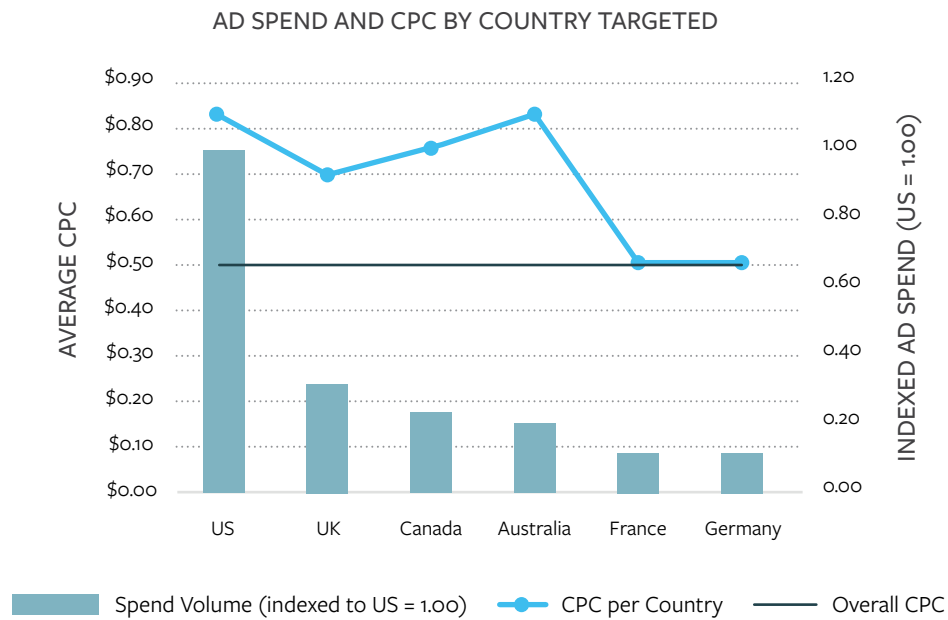
CPC BY TYPE (2014)



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Ads that specifically target large English-speaking countries cost more than the largest non-English speaking countries (by spend volume). It is interesting to note that high CPCs do not necessarily translate to high ad spend – the case of Australia is likely driven in part by a smaller population doing the clicking.

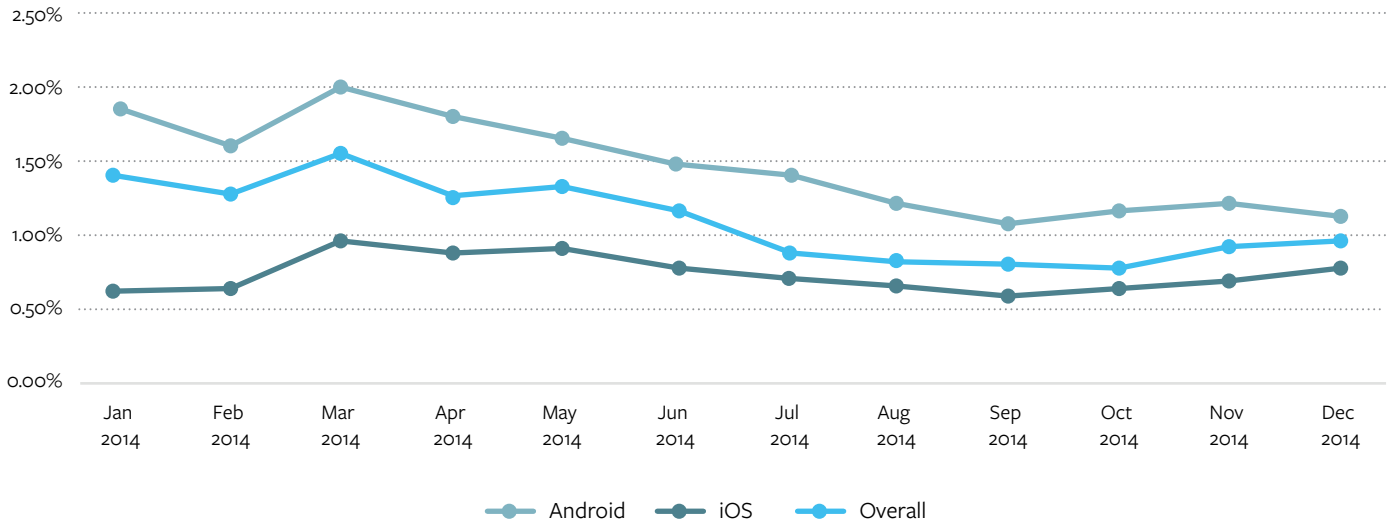


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Engagement Trends

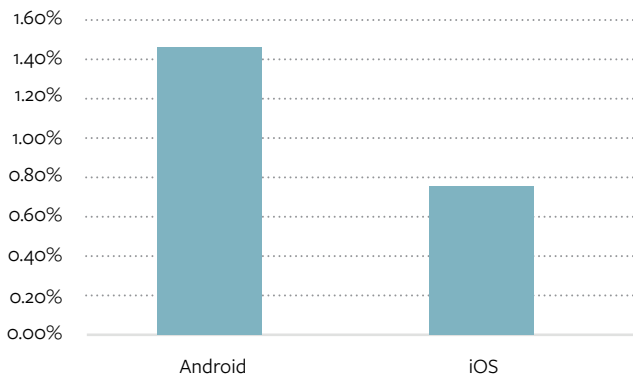
CLICK-THROUGH RATE TREND BY OPERATING SYSTEM



Source: Kenshoo Mobile App Advertising Trends
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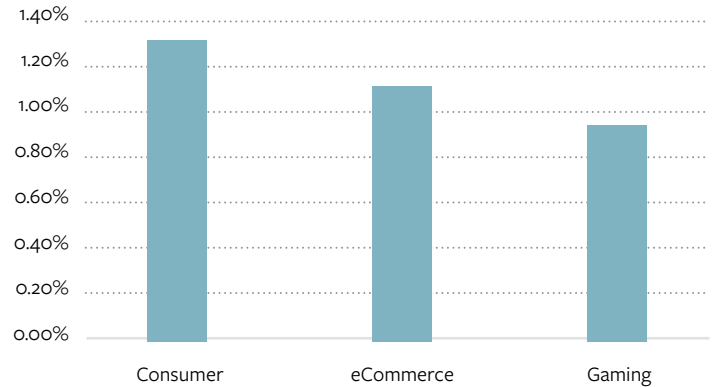
Overall click-through rate (CTR) for mobile app ads decreased steadily throughout 2014 before increasing slightly in the last few months of the year. Android saw a higher CTR than iOS, while Consumer and eCommerce apps had relatively higher rates than Gaming apps.

CTR BY OPERATING SYSTEM (2014)



Source: Kenshoo Mobile App Advertising Trends
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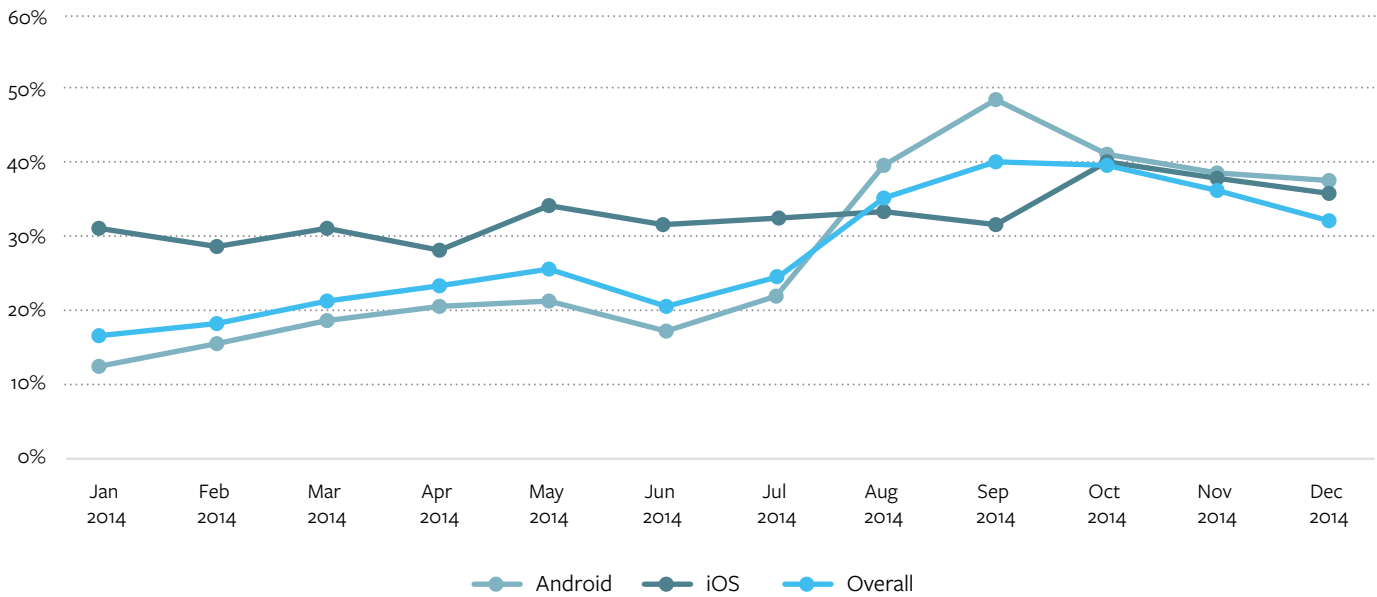
CTR BY TYPE (2014)



Source: Kenshoo Mobile App Advertising Trends
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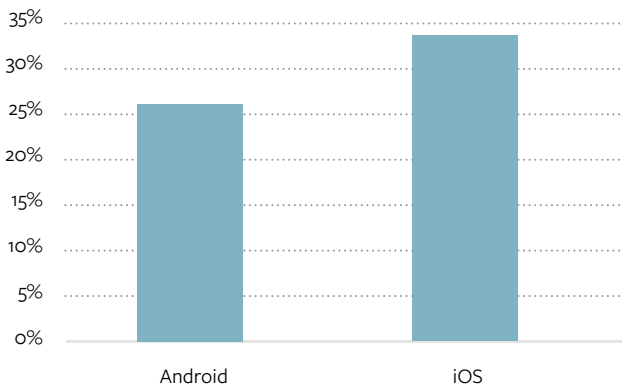
CLICK-TO-INSTALL TREND BY OPERATING SYSTEM



Source: Kenshoo Mobile App Advertising Trends
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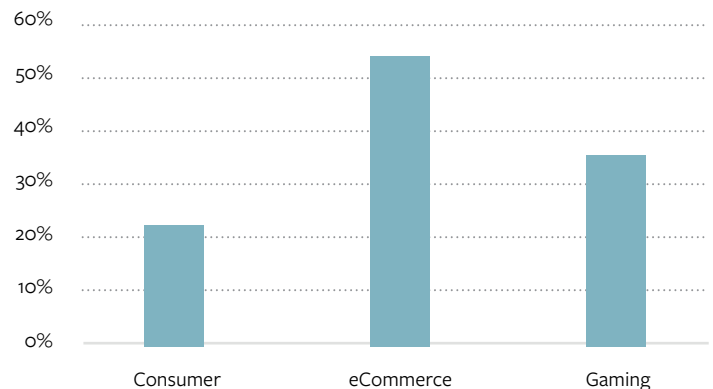
Perhaps a more interesting engagement metric is the rate at which clicks convert to mobile app installs. Here, we see much more variance in the monthly trends—Android devices saw a spike in click-to-install rate that corresponds with a similar rise in CPM shown earlier, and the behavior of mobile operating systems is flipped, with iOS leading. This metric also yields some clues as to why Cost per Install has been able to remain relatively stable in the face of rising prices based on impressions and clicks. It is somewhat surprising that eCommerce leads the way in converting clicks to app installs when compared to other app types.

CLICK-TO-INSTALL BY OPERATING SYSTEM (2014)



Source: Kenshoo Mobile App Advertising Trends
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CLICK-TO-INSTALL BY TYPE (2014)



Source: Kenshoo Mobile App Advertising Trends
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Marketer Imperatives

Growth and increased competition are the reality of the mobile channel, as app advertising spend, CPM, and CPC are all increasing over time, with the steady decrease in Click-through Rate demonstrating the greater competition for mobile app ad views and interactions. Meanwhile, click to install ratios increased dramatically over the year, allowing overall CPI to remain relatively stable.

Marketers should continue to increase spend while the trend toward steady CPIs continues, as long as you are able to maintain ROI above critical thresholds. Furthermore, ensure you are measuring post-install conversions and other in-app actions, measuring across all key performance indicators and understanding user lifetime value (LTV).

Click to install rates increasing likely signals better targeting both on the publisher side and the advertiser side and such targeting will be critical for advertisers to continue to enjoy stable CPIs as competition continues to heat up. Continue to hone your targeting to get as granular as possible and to ensure you are segmenting your custom audiences well, like “VIP depositors over the last 60 days” while leveraging expanded reach through Lookalike audiences. With lookalikes, it’s critical to use a strategy of nesting targeted and excluded lookalike audiences by similarity thresholds, so that there are no overlapping lookalike audiences and they are as granular as possible.

Advertisers should target separately by OS, Android versus iOS, to optimize toward differences in CPC, CPI, CTR and install rates on the two platforms.

Target your campaigns separately at a minimum by language, breaking US out from other English-speaking countries. Better yet, target each country separately to ensure you are maximizing your bids and budget most effectively in the face of country-level differences.

Methodology

This report reflects an aggregation of advertisers using the Adquant by Kenshoo platform that are Mobile-only and have defined a Mobile App Installation as a conversion. The resulting data set comprises over \$19 million (USD) in advertiser spend, and over 10 million app installs, targeted across over 100 countries worldwide.