



# Global Trends in Mobile Advertising

H1 2018

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This report offers key insights into the mobile programmatic advertising landscape based on in-depth analysis of the ad requests, bids, and impressions on the Smaato platform. Please note that this report is a snapshot of trends across Smaato's global base of publishers, advertisers, and mobile device users from H1 2018; specific data and observations may not be comparable with previous reports.

In H1 2018, the following six mobile advertising trends were observed on the Smaato platform:

01

## Rising Ad Requests in an App-First World

Increasing mobile usage has translated to growing mobile ad requests and ad spending on the Smaato platform across key global markets.

02

## The GDPR Effect on Mobile Ad Spending and eCPMs

The GDPR caused the EEA to take a hit in terms of ad spending, but eCPMs for non-targeted ad impressions and PMP deals rose worldwide.

03

## In-App Hits Top Growth Rates in APAC

All of mobile's growth in APAC has been concentrated in mobile apps, leading to in-app's share of mobile ad spending in the region to rapidly increase.

04

## Retail Brands Show Increased Trust in Mobile Advertising

Mobile ad spending by retail brands rose throughout H1 2018, with these major advertisers accounting for the largest share of ad spending in top app categories such as news, gaming, and weather.

05

## Sports Apps Are the Real Super Bowl and World Cup MVPs

During the Super Bowl and the World Cup, sports apps' mobile ad spending and eCPMs saw major spikes.

06

## Budget Smartphones Drive Impressions, but High-End Devices Attract Budgets

Lower-cost Android devices dominate overall mobile ad impressions, but iOS devices are still the most lucrative on a per-user basis.

## Rising Requests in an App-First World

Mobile devices have never been more popular with users and the rising number of ad requests all over the world are proof of that. Globally, ad requests jumped by +107% in the first half of 2018 compared to the same timeframe in 2017 on the Smaato platform.

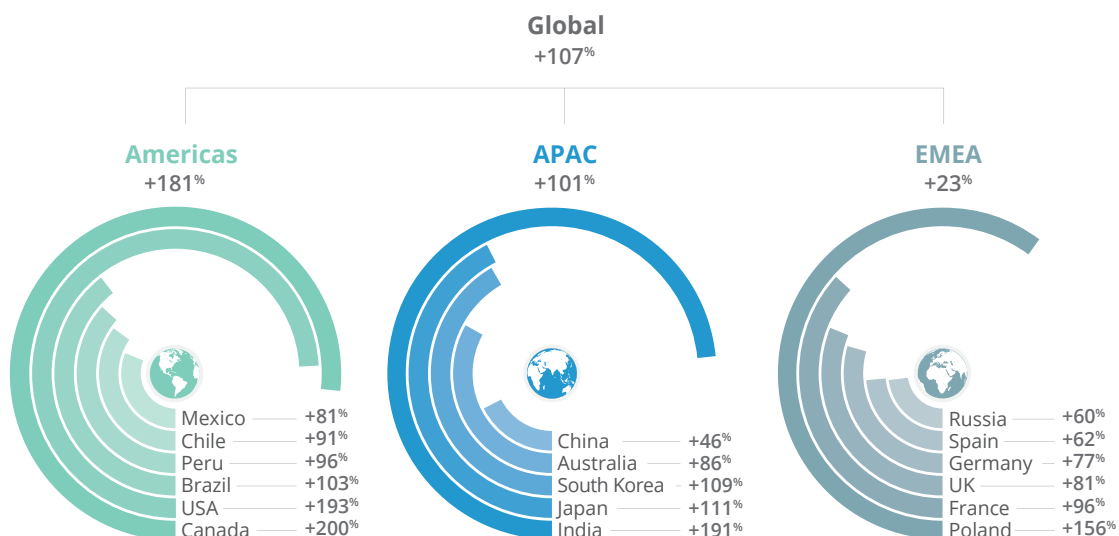
The driving forces behind this growth were the Americas (+181%) and APAC (+101%). The slower growth in EMEA can be partly attributed to the General Data Protection Regulation (GDPR), which caused a disruption in ad impressions that has since begun to recover (see Section 2).

### Did You Know?

Time spent with mobile devices has been on the rise since the iPhone hit the market over 10 years ago — and mobile usage is expected to continue increasing by 5-10% year-over-year through 2020.<sup>1</sup>

### Mobile Ad Request Growth by Region and Top Countries

H1 2018 vs. H1 2017

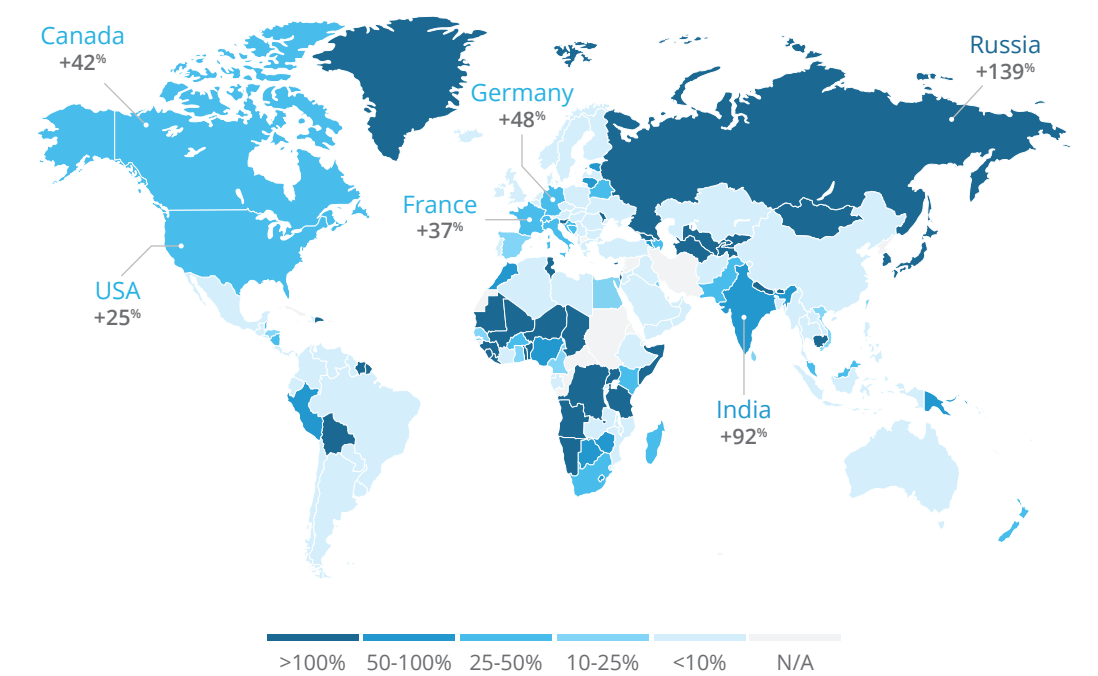


Source: Smaato Publisher Platform (SPX)

<sup>1</sup>eMarketer, April 2018

Mobile Ad Spending Growth by Country

H1 2018 vs. H1 2017



Source: Smaato Publisher Platform (SPX)

As consumers turn an increasing share of their attention to mobile, and advertising dollars follow consumer eyeballs, many of the world’s top mobile advertising markets are showing impressive mobile ad spending growth in 2018 — both on the Smaato platform, as shown in the above heat map, and industry-wide. From 2017 to 2018, eMarketer predicts that these top markets will show continued growth in total mobile ad spending, including India (+75%), the US (+70%), Canada (+37%), France (+35%), and Germany (+16%).<sup>2</sup>

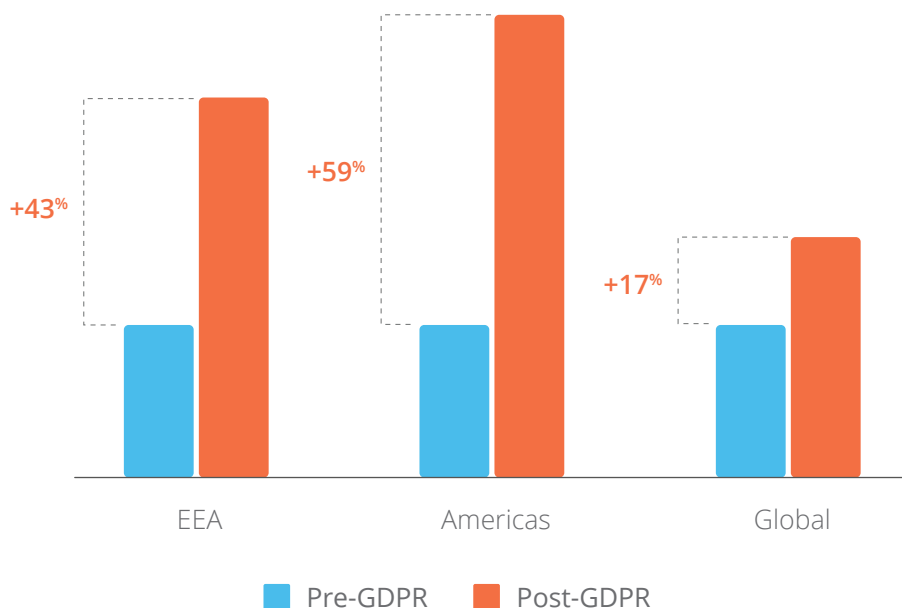
<sup>2</sup>eMarketer, March 2018

## The GDPR Effect on Mobile Ad Spending and eCPMs

The biggest headline to shake up the mobile advertising world in the first half of 2018 was the General Data Protection Regulation (GDPR), which will continue to make waves for the rest of the year and beyond. The GDPR is a legal framework for personal data protection across the European Economic Area (EEA) that went into effect on May 25, 2018. The intention of the GDPR is simple: to give EU residents greater control of their personal data.

### Mobile eCPM Growth for Non-Targeted Ad Impressions

Pre- vs. Post-GDPR (April 1 - June 30)



Source: Smaato Publisher Platform (SPX)

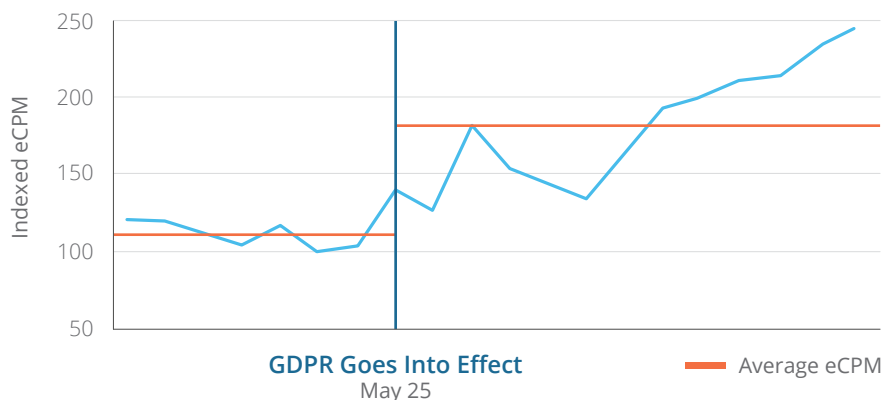
Due to its strict rules for acquiring user consent, the mobile advertising industry in the EEA was hit with a decrease in supply post-GDPR. However, low supply was met with increased demand and, in turn, ad space prices. On the Smaato platform, this translated to rising eCPMs for non-targeted inventory around the world.



But who benefited the most from the GDPR? Publishers with high volumes of US traffic. On the Smaato platform, non-targeted ad impressions in the US saw the highest increase in ad space prices, with eCPMs rising +62% on average after the GDPR went into effect.

## Daily Mobile eCPM Growth in the US for Non-Targeted Ad Impressions

Pre- vs. Post-GDPR (April 1 - June 30)



Source: Smaato Publisher Platform (SPX)

The Americas and APAC regions also saw rising eCPMs for their targeted inventory post-GDPR. In the Americas, eCPMs for targeted inventory rose +50%, and in APAC, they increased +14%.

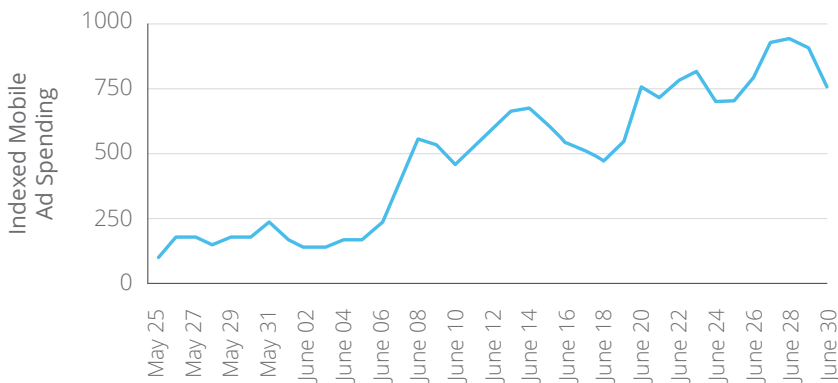
## Who Does the GDPR Apply To?

The GDPR applies to any entities, located anywhere in the world, that control or process the personal data of EU residents. Personal data can include:

- Geolocation (GPS-based or IP-based)
- Advertiser ID (IDFA/Google Ad ID)
- Internet Protocol Address (IP)
- Any other “online identifier” (e.g. device IDs, user names, etc.)

As more publishers gain consent and targeted supply recovers, ad spending for GDPR-applicable ad impressions is consistently increasing. From May 25 to June 30, there was an increase in daily ad spending of 6.5X for GDPR-applicable ad impressions with valid consent.

## Mobile Ad Spending for Impressions With Valid GDPR Consent



Source: Smaato Publisher Platform (SPX)

## What Is Next?

As the implications of the GDPR (and what it means to be compliant) continue to unfold, companies must also begin to prepare for new restrictions in the form of the EU ePrivacy Regulation. The ePrivacy Regulation is designed to work in tandem with the GDPR, focusing on storing and accessing data on a user's device. Stay up-to-date on these and other new privacy regulations on our website at [www.smaato.com/gdpr](http://www.smaato.com/gdpr).



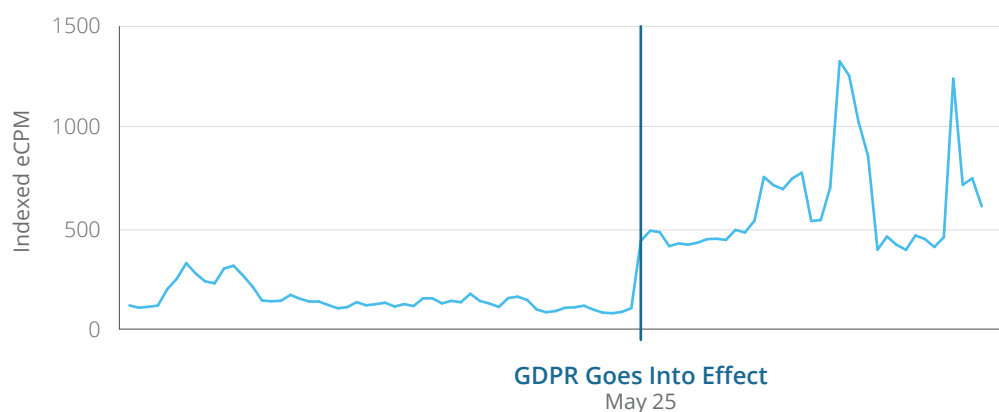
Data privacy concerns post-GDPR have also driven buyers to work more closely with publishers and shift their buying methods from open auction to private marketplace (PMP). This method of buying, in which an advertiser can target relevant audience data on an automated basis at a fixed price, is a way for advertisers to secure specific inventory that has become scarce in the post-GDPR landscape.

### Did You Know?

In a recent survey of 300 US marketers, over half of the respondents (55%) reported that data protection concerns have made them more inclined to shift ad spending from open exchanges to programmatic guaranteed and private marketplace deals.<sup>3</sup>

## Mobile eCPM for Private Marketplace Deals in the EEA

Pre- vs. Post-GDPR (April 1 - June 30)



Source: Smaato Publisher Platform (SPX)

On the Smaato platform, the increased demand for PMP deals in the EEA caused an immediate increase in eCPMs. The average PMP eCPM within the EEA grew +266% after the GDPR went into effect.

<sup>3</sup>Trusted Media Brands, July 2018

## In-App Hits Top Growth Rates in APAC

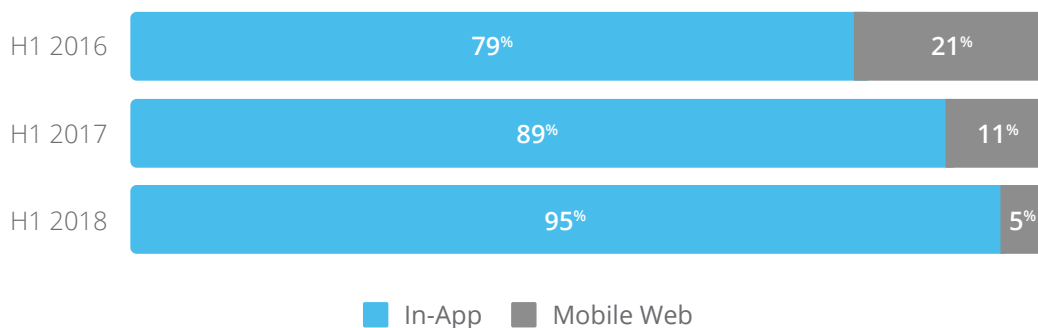
Mobile devices have continued to attract more consumer time in the first half of 2018 — and it has all gone to apps.

Especially within the APAC region, mobile time is becoming increasingly concentrated in apps. The mobile users in many of this region's top markets — including China, South Korea, Indonesia, and India — spend over 88% of their mobile time in-app.<sup>4</sup> In-app's share of ad spending on the Smaato platform now reflects these users' shifting preferences, with 95% of APAC's mobile ad spending going to apps in H1 2018.

### Did You Know?

China rules the global app economy, with mobile users from this country accounting for 47% of app downloads and 41% of consumer spending in app stores worldwide.<sup>5</sup>

### In-App vs. Mobile Web Share of Mobile Ad Spending in APAC



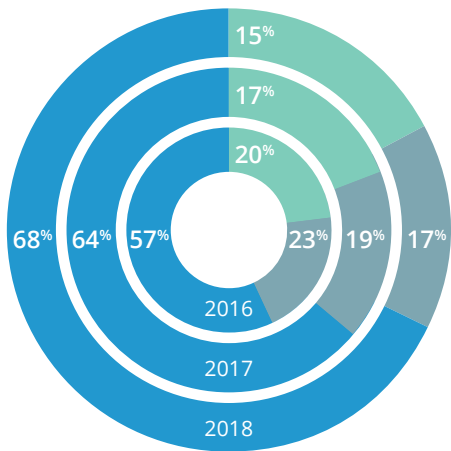
Source: Smaato Publisher Platform (SPX)

<sup>4</sup>AppAnnie, January 2018 | <sup>5</sup>AppAnnie, May 2018

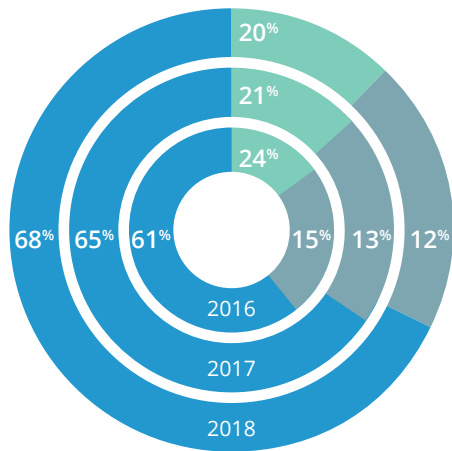
*“Especially within the APAC region, mobile time is becoming increasingly concentrated in apps.”*

This shifting preference for apps within the APAC region extends beyond just how much time users spend in-app — it also includes how much money they spend in-app and how many apps they are downloading. APAC dominates the number of global app downloads and consumer spending in global apps stores, which is a result of consumers’ growing reliance on apps for everything from paying utility bills to renting bicycles.

Share of Global App Downloads by Region



Share of Consumer Spending (\$) in Global App Stores by Region



Americas APAC EMEA

Source: AppAnnie, May 2018

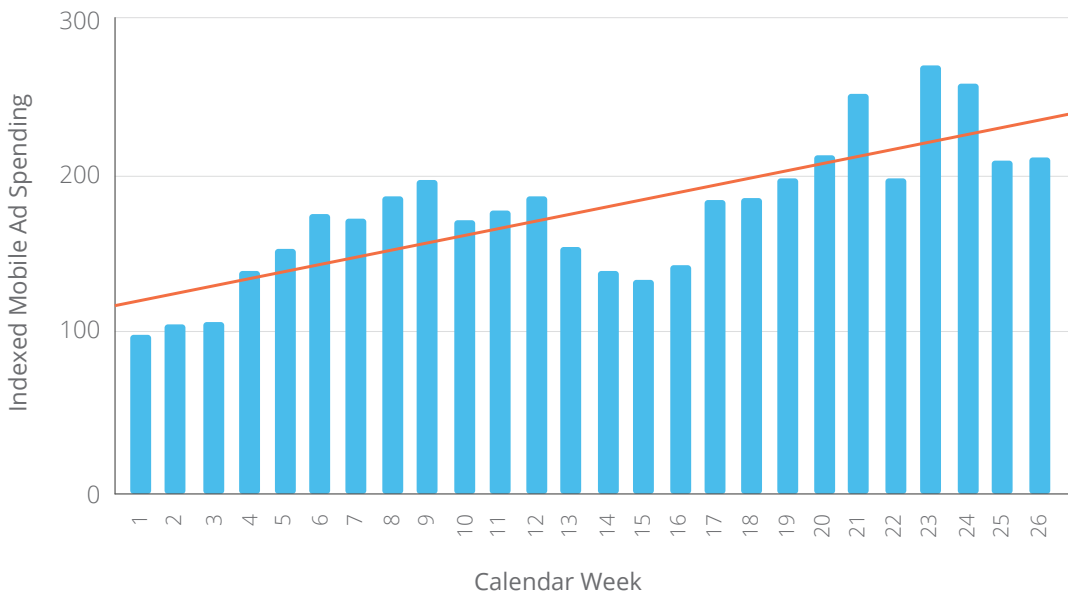
## Retail Brands Show Increased Trust in Mobile Advertising

Mobile usage has been on the rise for years, and during this time, TV viewership has witnessed a major decline. Advertisers have been slow to catch on to this trend, but it looks like 2018 is the year that brands are finally turning this knowledge into action.

One of the main factors that has held advertisers back from investing in mobile was viewability concerns. Advertisers deserve to know where their dollars are being spent, and third-party viewability measurement is the key signal that allows them to trust mobile inventory suppliers.

Increased adoption of viewability standards across the mobile advertising ecosystem over the past year has allowed brands to feel confident investing their ad dollars in mobile apps. Over the course of H1 2018, mobile ad spending by retail brands on the Smaato platform has more than doubled (+114%).

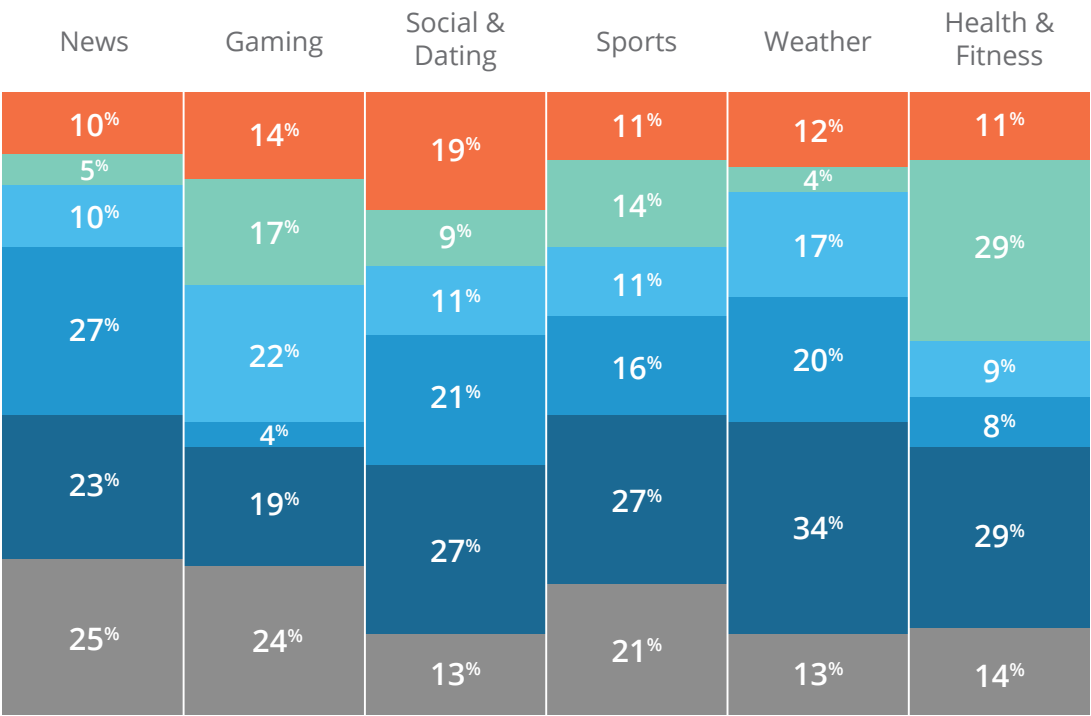
### Retail Brands' Mobile Ad Spending by Week



Source: Smaato Publisher Platform (SPX), H1 2018

This increase in retail brands' mobile ad spending is reflected in their overall ad spending share in top app categories on the Smaato platform. Retail accounts for the largest share of mobile ad spending (over 25%) in social, sports, weather, and fitness apps.

Share of Ad Spending in Top App Categories by Advertising Vertical



Source: Smaato Publisher Platform (SPX), H1 2018

Advertising Verticals:

- Food and Drink

Media

Retail
- Automotive

Healthcare

Other

## Sports Apps Are the Real Super Bowl and World Cup MVPs

Major sporting events are an ideal time for advertisers to reach engaged users. Even while watching the game on TV, sports fans are often using their phones to check stats, chat with friends, and post on social media.

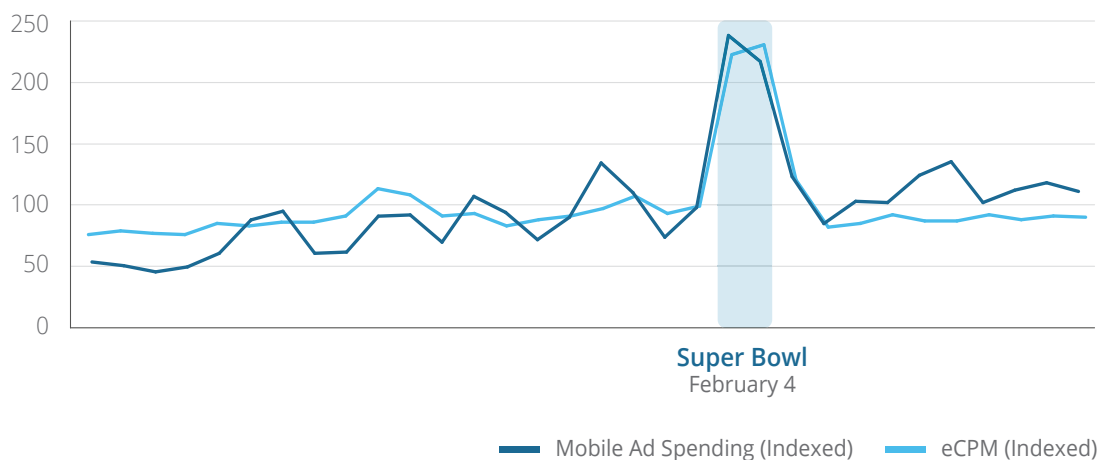
The Super Bowl in the US is a prime example of this trend. As consumers turned to their mobile devices on game day, both ad spending and eCPMs spiked +120% above the monthly average.

### How Popular Is the Super Bowl?

More than 100 million US viewers watched the game in 2018 — that is more than 30% of the entire country. Over two million of these viewers streamed the game via mobile, desktop, or CTV.<sup>6</sup>

### Daily Mobile Ad Spending and eCPM in Sports Apps in the US

January 15 - February 15, 2018



Source: Smaato Publisher Platform (SPX)

<sup>6</sup>CNET, February 2018

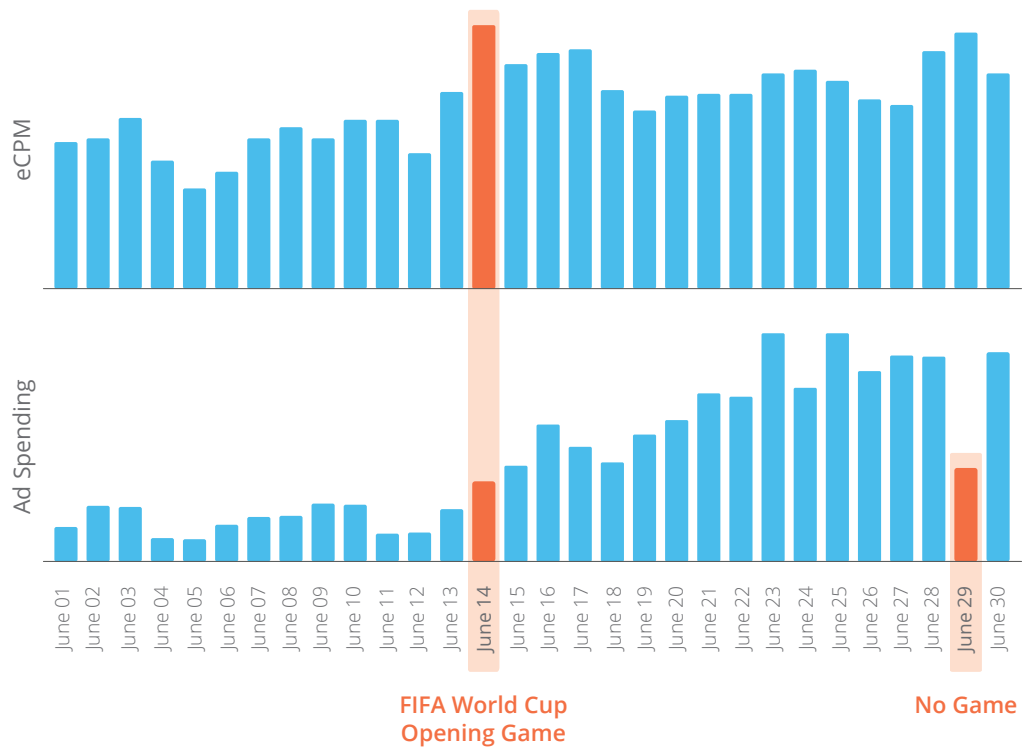


For the rest of the world, sports fever hits record highs every four years for the FIFA World Cup. In 2018, this was especially true for mobile users in Latin America. Sports fans' enthusiasm in this region piqued advertiser interest during the World Cup, causing sports app ad spending to increase +289% and eCPMs to increase +46%.

Did You Know?

Eight out of the 32 teams in the 2018 World Cup were from Latin America, representing some of the biggest ad spending markets in the region. These included: Argentina, Brazil, Colombia, Costa Rica, Mexico, Panama, Peru, and Uruguay.

Mobile Ad Trends for Sports Apps  
in Latin America During the World Cup



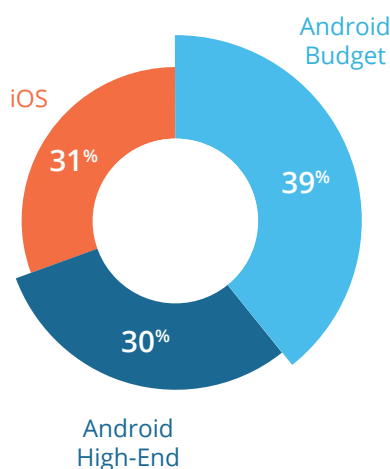
Source: Smaato Publisher Platform (SPX)

And this was just the beginning! H1 2018 only saw the first two weeks of the World Cup. The majority of the games, including the final rounds, were held in July. So, this impressive increase in mobile ad spending and eCPMs in Latin America was merely an early indication of the World Cup's effect on mobile advertising.

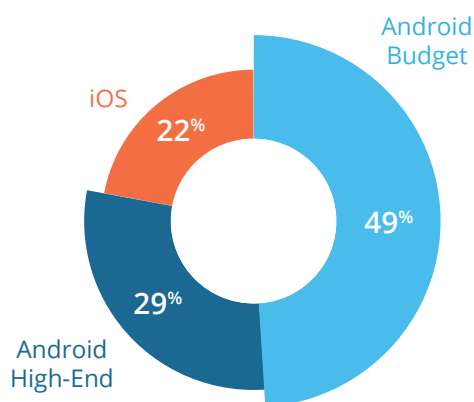
## Budget Smartphones Drive Impressions, but High-End Devices Attract Budgets

The fact that iOS has been losing market share to lower-cost Android devices is nothing new. Despite that ongoing trend, iOS devices are still the most lucrative platforms for app developers — and the most desired by advertisers willing to pay.

Share of Ad Spending  
by Mobile OS



Share of Ad Impressions  
by Mobile OS

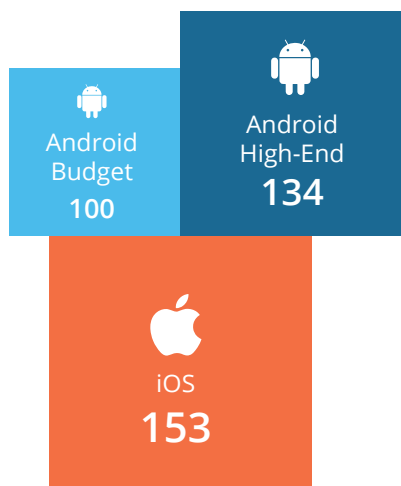


Source: Smaato Publisher Platform (SPX), H1 2018

iOS devices accounted for just 22% of ad impressions in the first half of 2018 yet make up 31% of all ad spending. This is because, while Android devices dominate the number of ad impressions, they generate less revenue on a per-user basis.

iOS eCPMs have long held the lead on the Smaato platform, with the difference hitting an all-time high in Q3 2017 when iOS eCPMs were +30% higher than those of Android. Digging deeper into the numbers this year, it turns out that the gap in eCPMs between iOS and Android devices is less pronounced when you factor out budget Android devices.

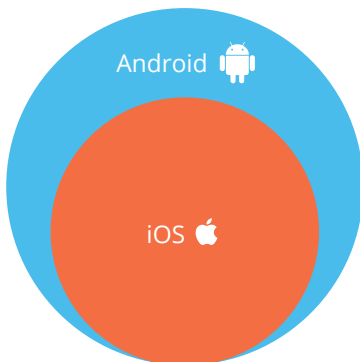
Indexed eCPM by Mobile OS



*"The gap between iOS and Android eCPMs begins to close when you look specifically at high-end Android models that carry price tags similar to Apple devices."*

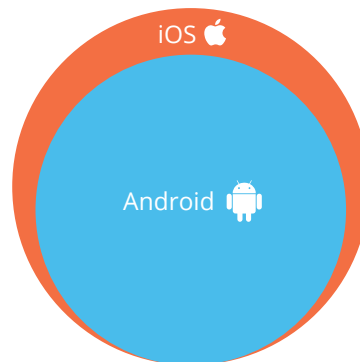
To further emphasize how lucrative iOS users are, Android users on the Smaato platform were found to receive significantly more ads than iOS users on average — however, iOS devices still generated higher ad spending on a per-user basis.

#### Average Ad Impressions per Unique Device



An Android user views +33% more ads on average than an iOS user.

#### Average Ad Spending per Unique Device



An iOS user generates +15% more ad revenue on average than an Android user.



## Thank You

We hope you have enjoyed Smaato's H1 2018 Global Trends in Mobile Advertising report. For more white papers, case studies, and industry trends reports, please visit the resources section of our website at [www.smaato.com/resources](http://www.smaato.com/resources).

## About Smaato

Smaato is the leading global real-time mobile advertising platform, connecting 10,000+ advertisers — including 91 of the Top 100 Ad Age brands — with over 90,000 mobile publishers and app developers. Smaato manages up to 19 billion mobile ad impressions daily and reaches over one billion unique mobile users monthly. Founded in 2005 by mobile pioneers Ragnar Kruse and Petra Vorsteher, Smaato has global headquarters in San Francisco, with additional offices in Berlin, Hamburg, New York City, Shanghai, and Singapore. Learn more at [www.smaato.com](http://www.smaato.com).



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