

Mobile Flash Report.

Incremental Marketing
Opportunities for Advertisers



JUNE 2014

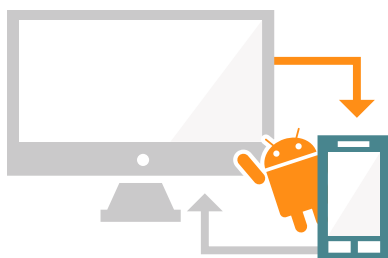
Introduction

Mobile has become an important advertising medium, as consumers are increasingly spending more time accessing the Internet on their tablets and smartphones. This presents advertisers with a large addressable market and opportunity to improve the results of their campaigns by reaching users even when they are not browsing from PCs. A growing number of e-commerce sales are in fact coming from mobile, and an even greater number of purchasing journeys involve user engagement via mobile at one point or another.

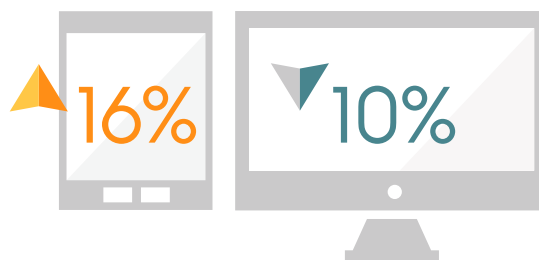
This report highlights the key findings from Criteo on mobile shopping and advertising and its impact on e-commerce.

Highlights

- Clicks from mobile devices are growing, and retail, travel, automotive and classified ads together made up for over 70% of mobile clicks in Q1 2014. North America, APAC Developed and the Western Europe region collectively generated over 90% of mobile clicks.

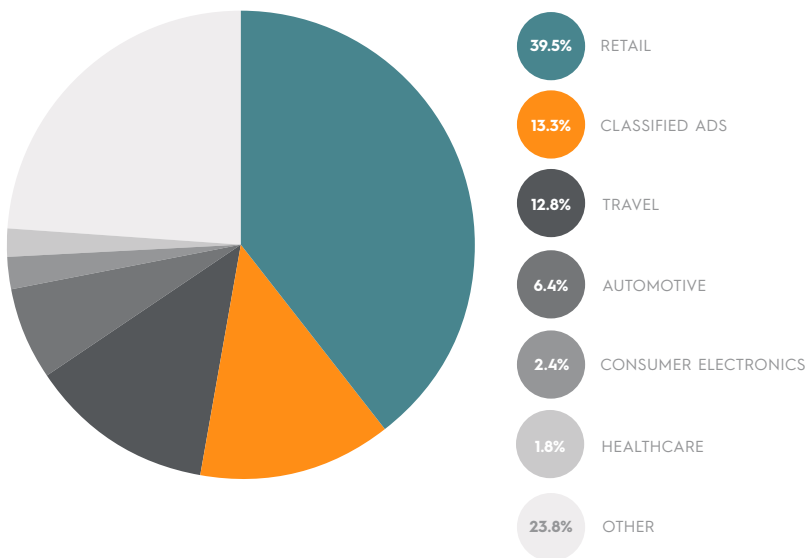


- Clickthrough rates (CTRs) are higher on mobile devices than on PCs across most industry verticals. Average CTRs on Android devices are almost two times that on PCs, driven particularly by the high CTRs on tablets.
- Android devices generate more sales globally, but iOS leads in the US and Europe. Consumers are buying a wide range of products and services with mobile devices and are also making higher value transactions including paying for their hotel bookings.
- Mobile usage both substitutes and complements PC usage – for example, on weekends, sales generated on PCs decrease while sales from tablets and mobile phones increase. Purchases made via iPads are 16% more likely to happen on a Sunday than on any other weekday. By contrast, sales from PCs drop by 10% on Sundays.



#1

Tablets and smartphones deliver large number of clicks for many industry verticals

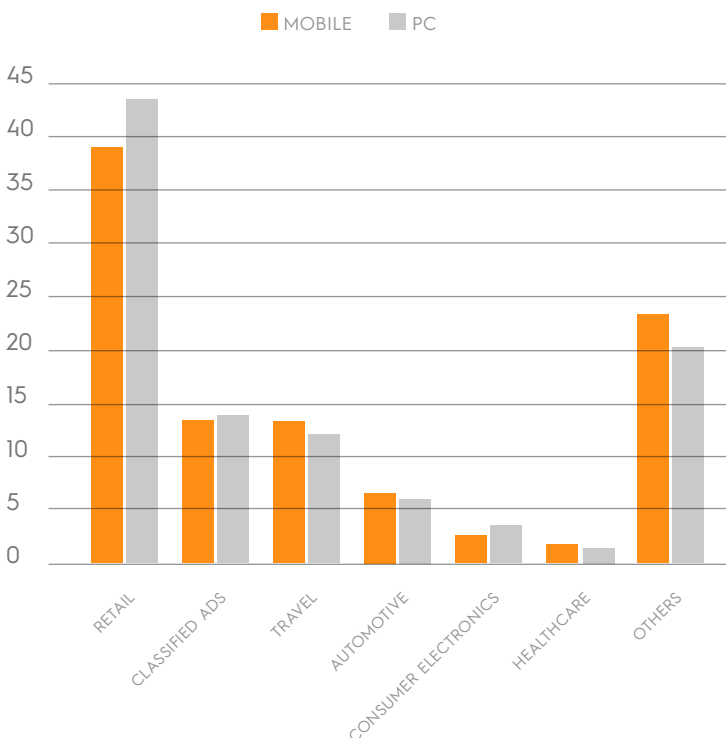


SHARE OF MOBILE CLICKS BY INDUSTRY TYPE, Q1 2014

Retail, travel, automotive and classified ads together delivered over 70% of mobile clicks in Q1 2014.

The majority of clicks came from developed markets - North America, APAC Developed and Western Europe collectively generated over 90% of mobile clicks.

Mobile vs. PC share (%) of clicks by industry type



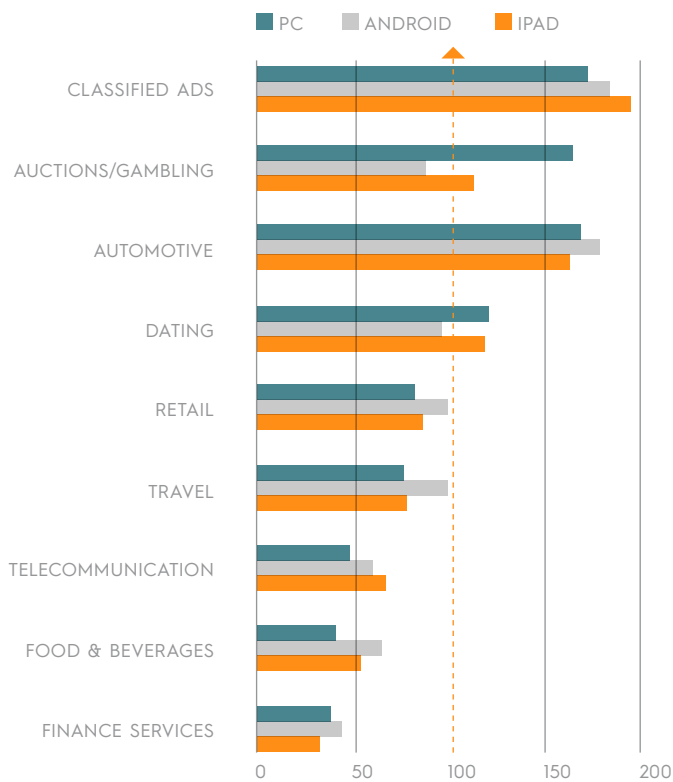
The bulk of performance display clicks, both on mobile devices and PCs, comes from retail, travel and classified ads.

Other industry verticals including consumer electronics, healthcare and finance need to catch up to engage wider audiences and improve campaign results.

IMPLICATION

To reach a wider audience, advertisers should assess the impact of mobile advertising on their industry and take appropriate measures to include mobile as an integral part of their campaign strategies.

#2 CTRs are higher on mobile devices than on PCs across most industry verticals



Index - CTRs based on average CTR of 100 for both PC and mobile devices across all industry verticals

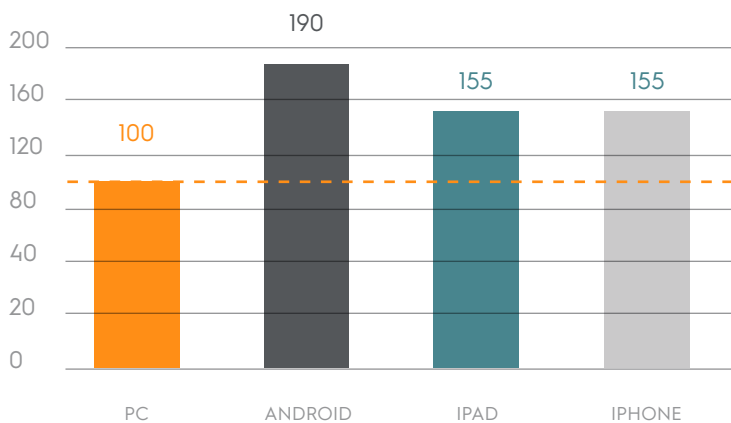
PC VS. iPad AND ANDROID CTRs, BY INDUSTRY TYPE, Q1 2014

Mobile devices deliver relatively consistent clickthrough rates (CTRs). Moreover, ads displayed on tablets and smartphones generate higher CTRs than ads displayed on PCs for most industry verticals.

Mobile campaigns perform better for some industry verticals than others; e.g., retail, travel, and classified ads show greater user engagement on mobile devices than on PCs.

Average CTRs on Android devices, across all industry verticals, are almost two times higher than on PC.

Average CTRs by device type, Q1 2014



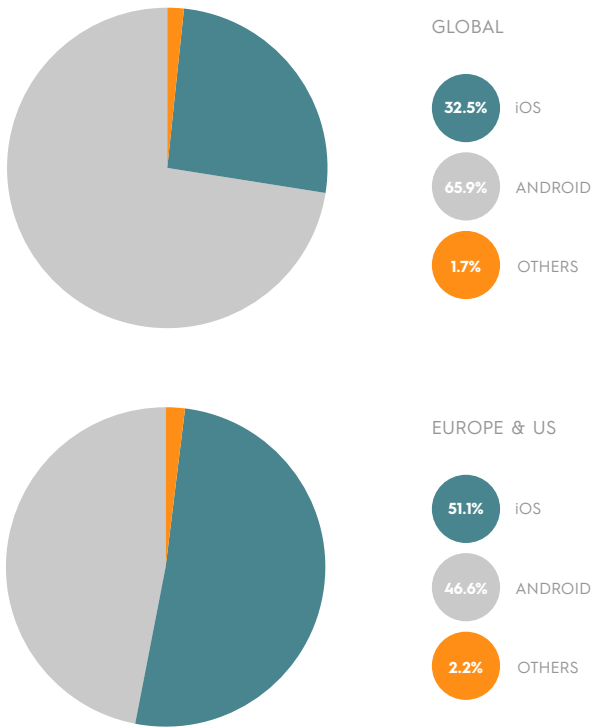
Index - CTRs based on average CTR of 100 for PC across all industry verticals

Source: Criteo Q1 2014

IMPLICATION

Mobile devices are delivering high CTRs, and advertisers can increase conversions by building mobile-optimized web pages that encourage users to purchase after clicking.

#3 Android devices generate more sales globally, but iOS leads in the US and Europe

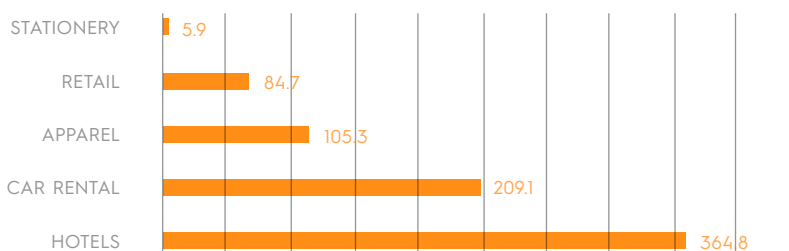


SHARE OF MOBILE SALES BY DEVICE TYPE, Q1 2014

Globally, Android devices, including both tablets and smartphones, accounted for 66% of the total e-commerce sales via mobile devices in Q1 2014.

iOS devices, however, delivered more sales than Android in the US and Europe. This was driven particularly by a large number of sales coming from iOS devices in countries including the US, UK, Germany and France.

Average mobile order value (US\$), Q1 2014



Consumers are buying a wide range of products and services with mobile devices and are also making higher value transactions including paying for their hotel bookings.

Note: Average order value in US\$, for purchases made via tablets and smartphones for selected campaigns in Q1 2014.

IMPLICATION

Both iOS and Android devices are equally important, and advertisers ignoring mobile now risk losing significant sales.

#4 Tablets and smartphones make up for sales drop on PCs at weekends



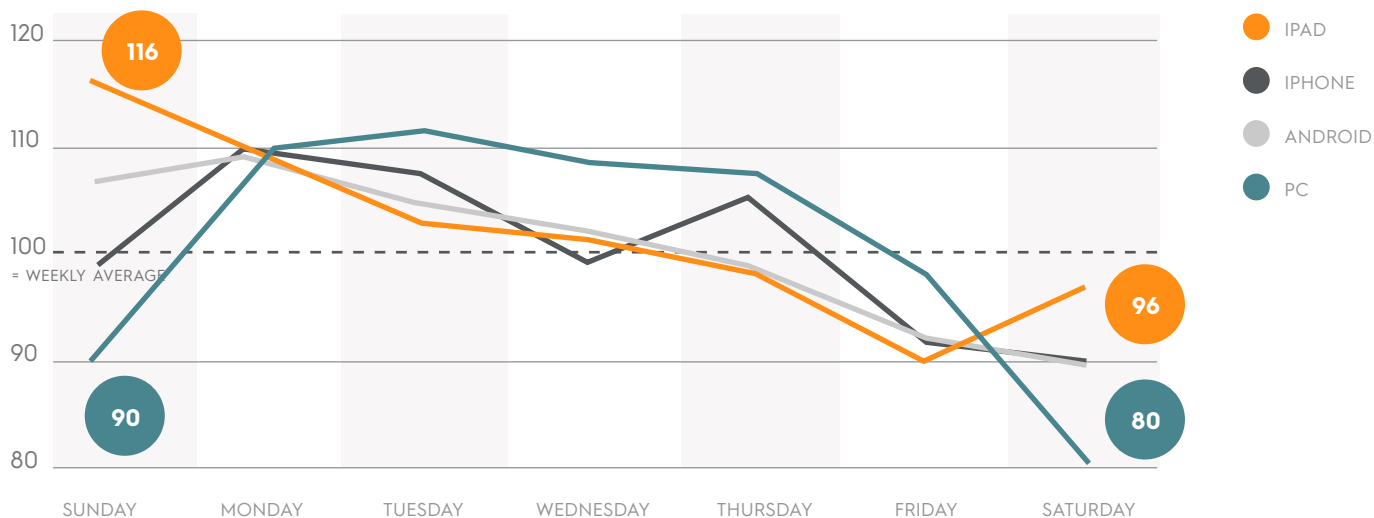
Purchases coming from iPads are 16% more likely to happen on a Sunday than on any other day.



In contrast, 10% fewer sales are generated from PCs on Sundays.

SALES TREND BY DAY OF WEEK AND DEVICE TYPE, Q1 2014

Mobile Internet usage helps to make up for the drop in desktop usage on weekends, resulting in more clicks and sales for advertisers. Further, more sales may come on the weekends for certain industry verticals. For example, there's a greater probability of users booking flights and hotels for vacation on the weekend from their mobile devices, while they are with their families; rather than on a weekday from their PCs.



Index - Sales trend based on average sales of 100 during the week across all devices

IMPLICATION

Tablets and smartphones can deliver greater ad engagement and boost sales on weekends when sales from PCs decline, giving advertisers better results for their campaigns.

Key takeaways



MOBILE ADVERTISING IMPROVES USER ENGAGEMENT AND BRINGS ADDITIONAL SALES

Advertisers can create more touch points with consumers, and get more clicks and additional sales by serving ads on mobile devices.

The importance of mobile advertising will continue to increase, driven by improving ad formats and increasing user willingness to pay via mobile.



MOBILE DEVICES PROVIDE GOOD CTRs, AND MOBILE-OPTIMIZED WEBSITES CONVERT MORE CLICKS TO SALES

Advertisers should focus on improving the user experience of mobile advertising after clicking. CTRs on mobile devices are higher than on PCs, and advertisers can convert mobile clicks to sales by building mobile-optimized websites, and by adopting cross-platform advertising formats such as HTML.



MOBILE HELPS IN CAMPAIGN OPTIMIZATION BY COMPENSATING FOR THE DROP IN PC USAGE DURING CERTAIN TIMES OF THE DAY AND THE WEEK

Consumers are relying less on PCs for Internet access, particularly on the weekends. Including mobile advertising in their campaigns will allow advertisers to reach consumers across different devices, regardless of how their usage may change during the hours of the day or week.

Conclusion

Mobile devices are responsible for a rapidly growing share of e-commerce sales, and advertisers can now achieve strong user engagement and conversions by serving relevant and personalized ads on mobile. Criteo believes that brands embracing mobile advertising in a smart and timely manner will see improved results from their campaigns and gain competitive edge. Advertisers should assess the impact of mobile advertising on their industry and take appropriate measures to include mobile as an integral part of their campaign strategies.

METHODOLOGY

Criteo ads reach 924 million unique Internet users (comScore, March 2014).

Criteo collects purchase data from the sites with which it partners in order to provide personalized display advertising. For each purchase that occurs on one of our partners' sites, we record the items bought and their prices, and link this information to an anonymous unique identifier stored in a cookie. The findings in this report come from analysis of consumer data on Internet browsing and shopping behavior in Q1 2014

In this report:

"Mobile" refers to both mobile phones and tablets.

"Sales" refer to the online purchases of goods/services from users after they clicked on a Criteo delivered ad. The purchase must happen within 30 days after clicking to qualify as a sale.

"Android" includes both Android tablets and smartphones.

"PCs" include both desktops and laptops.

Other relevant research papers



IMPROVING THE LIFETIME VALUE OF YOUR APP USERS - 3 EFFECTIVE TIPS FROM THE TRAVEL INDUSTRY

The travel industry has been quicker than any other to take up the opportunities of smartphone and tablet apps. Working with our travel partners, we've learned some important lessons about increasing engagement and maximizing value - lessons that can benefit marketers in other industries.



MARKETING ATTRIBUTION COMES OF AGE

Advertising has become as much science as art. Exciting new marketing attribution models and methods have emerged, allowing advertisers to become ever more sophisticated in their approach to measuring their return on investment.

Based on real-life insights from marketers, this report separates fact from fiction and delivers an unprecedented depth of insights into the present and future of marketing attribution.



PERFORMANCE DISPLAY ADS TURN VIEWERS INTO CLICKERS

Thanks to impressive conversion rates and an online ROI that is comparable to that of search, performance display advertising is chipping away at a nagging - and inaccurate - perception: that banner ads don't work online.

This white paper discusses how performance display advertising improves the overall media spend of advertisers, and also how it provides a large share of exclusive clickers.



About Criteo.

Criteo is a global leader in digital performance advertising, working with over 5,000 companies around the world. Criteo has over 800 employees in offices across the U.S., Europe and Asia serving more than 40 countries.

For more information, please visit www.criteo.com