



The Mobile R.O.I. Report for Brands

*Results and Objectives Indexes
for Mobile Advertising*

October 2009

Quattro Wireless

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Quattro Wireless is headquartered in Waltham, MA, with offices in New York, Los Angeles, San Francisco, Dallas and Chicago.

Quattro Wireless, the leading premier global mobile ad network, analyzes more than 10 billion mobile actions each month – ad requests, served impressions, and user actions (page views, clicks, video plays, etc.) – to target and optimize ad campaigns and provide insights to marketers and publishers on consumer behavior.

The company has analyzed its over 4 billion ads sold and served to mobile devices globally per month in Q2 2009 to produce the industry's first look into how brand marketers are using the mobile medium today.

As the largest data set available for analyzing the premium mobile market, this report can be used to benchmark campaigns and understand trends in usage of mobile devices in a rapidly changing space.

Mobile is being embraced by advertisers of every category, but just as in other media, is used differently when the goal is branding vs. driving a direct response. To provide the most value to marketers and enable them to gain relevant insights into the mobile advertising landscape, the data has been broken into brand-focused campaigns (those purchased on a cost-per-thousand or CPM basis), and direct response campaigns (those purchased on a cost-per-click or CPC basis). Advertiser campaigns are targeted on the Quattro Network of thousands of sites and applications using Q Elevation, a dynamic targeting and optimization technology that enables Quattro to deliver superior results on both of these campaign objectives.

The data here is provided as indices (100 is the average and performance is judged either below or above the average). Representing the numbers this way gives brand and premium direct response marketers and agencies valuable insight into their relative performance and prevents data in a rapidly changing marketplace from being taken out of context. As this is the first quarter this data is being reported, there are no quarter-to-quarter comparisons or what ultimately will be most relevant, year-over-year comparisons which will take into account seasonality of marketing initiatives.

We also report the data by advertiser industry vertical, which is most valuable for marketers who want to understand how they compare to others within their own sectors. This data represents a view of the Quattro Network only, and cannot be said to represent the mobile market as a whole. Its relative volume (over 4 billion impressions per month) attests to the validity of the data pool. While the data as a whole reflects usage from over 100 countries, whenever possible it is broken into the U.S. segment – brand marketers tend to buy on a country-specific basis and the U.S. data will be most relevant to them.

Each quarter Quattro will do a special focus on one industry category and its unique dynamics within the market. This report focuses on entertainment.

KEY NETWORK FINDINGS

As smartphones have increased their market penetration, touchscreen devices (such as the iPhone, the iPod Touch, Android phones and the Palm Pre), because of their engaging interfaces, drive disproportionately more mobile web usage, which equates to greater exposure to advertising and likelihood to respond to it. We expect that over time, as more of the mobile population moves to touchscreen devices, response rates will continue to stay at levels much higher than those of the typical online banner ad.

The top smartphone sold in the U.S., the BlackBerry Curve, is actually only the 5th most common device to show up in the Quattro Network data. The iPhone and the iPod Touch are the top devices when ranked by ad requests.

Top 10 Selling Handsets – June 2009 Purchasing Rank

Device
RIM BlackBerry Curve 8330
Apple iPhone 3G 8GB
Samsung Rant SPH-M540
LG VX10000 Voyager
Motorola W175g
Motorola i776
Apple iPhone 3G S 16GB
LG Dare VX9700
RIM BlackBerry Storm 9530
LG enV2 VX9100

M:Metrics, Inc. 2009

Top Devices by Global Ad Requests Q2 2009

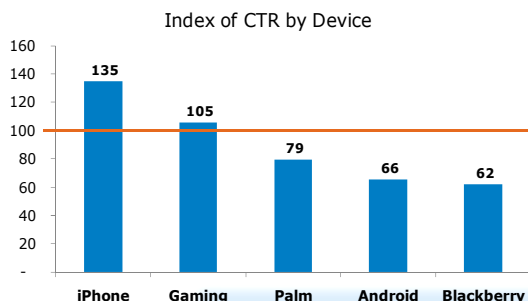
Device
Apple iPhone
Apple iPod Touch
Samsung SCH-R450
T-Mobile Sidekick
RIM BlackBerry Curve 8330
Sony PlayStation Portable
HTC G1 Dream
Samsung SPH-M800 Instinct
RIM BlackBerry 9530 Storm
RIM BlackBerry 8130 Pearl

Quattro Wireless Q2 internal data, Global

Just as device type impacts media usage, device type also impacts direct response (click) rates: iPhones give marketers a 35 point lift over average performance; gaming devices offer a 5 point lift on average.

iPhones generate highest response followed by gaming devices

The Apple touchscreen interface encourages consumer interaction with both content and ads.

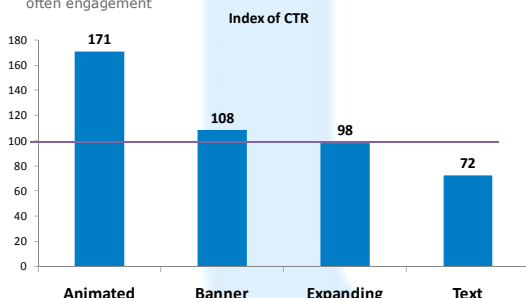


Source: Quattro internal data Q2, Global

Ad types also impact performance:

Animated ads offer 63 point response lift over banners

Expanding ads show average click through response; they should be measured by pageviews per visit as objective is most often engagement



Source: Quattro internal data Q2, Global

- Animated ads (sequential GIFs) give a 63 point performance lift over standard banners.
- Expanding ads show average performance for click-through (index of 98), but as they are really mini-websites, the audience does not need to click through the ad to another site to engage with the brand. Depending on the creative, they can be measured by page views, video views, send-to-friend and other actions, which are a more accurate reflection of their performance than click-through rates.

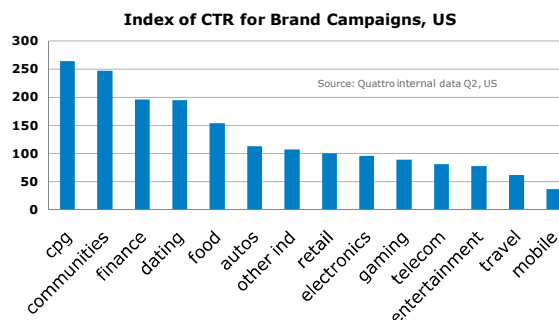
Media type and environment impact response:

- Consumers are more likely to click on ads within apps (regardless of device), and ads within the iPhone environment than ads run on standard WAP pages.

INSIGHTS FOR BRAND CAMPAIGNS

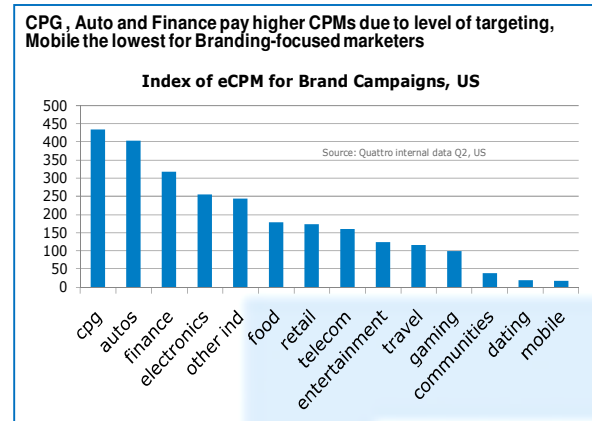
- Finance, Telecom and Entertainment marketers are most likely to buy on a CPM basis, securing access to inventory on top-tier publishers and often buying sponsorships and other content integrations.
- Their buys are almost evenly split between banner and text placements but animated mobile ads (sequential GIFs) are making up an increasing portion of their mobile advertising mix. Expect volume of rich media units such as animated ads and expanding ads to increase in conjunction with the growth of smartphones: the newer multi-function, faster speed phones are making more sophisticated ad technologies possible. Rich media units similar to those used in online (units that expand or allow the consumer to interact within the unit rather than having to click away from content) will become more common, especially since Adobe's Flash, which is often used to create these types of units, will be fully developed to work on mobile platforms by mid 2010.
- Click-through rates vary by category but are higher than average for CPGs, Finance and Food marketers. On the mobile platform, these marketers are often using ads to drive a response (click to coupons or recipes or find out information about rates and loans).

CPG ads generate the highest average CTR for Brand-focused campaigns



Source: Quattro internal data Q2, US

- CPGs, Auto and Finance are paying higher CPMs than average, but typically use high levels of targeting and rich media to drive engagement.



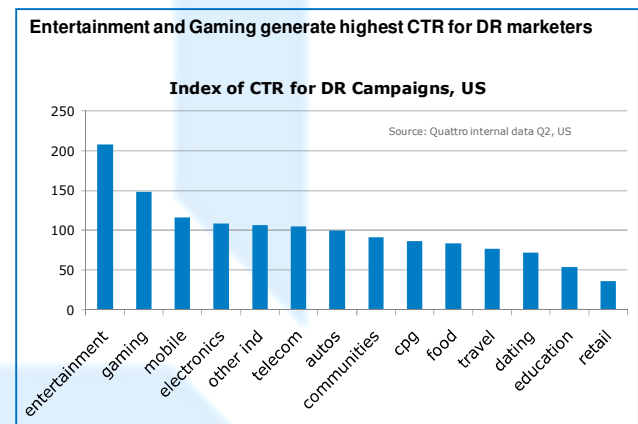
INSIGHTS FOR DIRECT RESPONSE CAMPAIGNS

- The pool of advertisers turning to mobile to drive direct response is expanding beyond mobile-endemic products and services like ringtones and cell phone personalization to encompass such categories as Auto (drive to dealer locator), CPG (coupons), Entertainment (drive to iTunes to buy music, TV episodes, etc.) and food (Papa John's is selling pizza via mobile phones!).
- Unlike in other media, there is often no clean delineation between branding and direct campaigns and many have elements of both objectives. Some advertisers are running brand campaigns with highly targeted media and rich media executions, which they augment with CPC campaigns to gain efficient reach and learnings from direct-focused messaging.
- CPC campaigns are also used for driving application downloads. Marketers and application developers can very effectively and efficiently target the audience who is most interested in their application (and even leave out those who already have it), driving downloads and ranking with a focused 'surge' campaign followed by ongoing maintenance advertising.

- In terms of format, CPC campaigns are primarily banner-focused:

- Animated banners are the fastest growing subtype over the quarter. These banners enable the marketer to push multiple (or more complex) messages without the user needing to click.

- Just as with brand campaigns, the campaigns with the highest levels of targeting tend to be paying the highest relative prices (CPCs): Auto, Finance, Telecom and Food.
- Entertainment and Gaming ads generate highest click through rates among DR campaigns – likely due to the creative objective and the suitability of the mobile environment for these advertising types.



INDUSTRY SPOTLIGHT: ENTERTAINMENT

Entertainment marketers are early adopters to mobile, seeking its combination of reach of young, entertainment-enthusiast audiences and place-based dynamic to drive a variety of marketing objectives: opening weekend ticket sales, TV tune-in, DVD sales on m-commerce sites, as well as music, movie, game and TV episode downloads on iTunes and Amazon. Mobile advertising is particularly effective and efficient for entertainment marketers because:

- 18-24 year olds are more likely to be accessing the web via mobile than via broadband (InsightExpress Digital Consumer Portrait 7/09).
- Young Urban audiences are also more likely to be accessing the Internet via their phones than the Internet (Pew, 6/09).
 - Quattro has various ways of targeting these audiences including handset, carrier, DMA and Zip
- Mobile builds word of mouth: According to a recent study, 30% of those surveyed who had been exposed to mobile ads say the ads had led them to share information (Universal McCann/AOL, 7/09).
- Mobile gaming devices such as the Sony PSP and Nintendo DS are now wi-fi enabled and used for Internet access; they offer reach of audiences hard to find through TV and other traditional media. The PSP is among the top 10 devices by volume of ad impressions in the Quattro Network.
- Entertainment and Gaming ads have proven to generate higher levels of direct response than other ad categories in the Quattro Network.
- Many movies show trailers in expanding ads or on mobile websites, targeted at devices that can play the video to ensure effective advertising spend. The FX series Rescue Me generated high levels of engagement by using video clips of the show in an expanding ad that ran on iPhone, iPod Touch and Android devices.
- Sony RockBand PSP used Quattro to appeal through a targeted campaign to game enthusiasts. In just a little more than three weeks, campaign results included:
 - Response rates of over 20 times that of an average online banner campaign.
 - More than 160,000 page views to the campaign mobile site.
 - More than 5% of site visitors clicked through to the Amazon product page.
- Warner Brothers Records drove awareness and generated sales for the Green Day album 21st Century Breakdown through ads run in three countries that linked directly to their iTunes page.

The following examples from Quattro's portfolio of entertainment advertisers attest to the dynamic ways they are using mobile:

- Top opening weekend grossing films in 2009 including: GI Joe, Hannah Montana, G-Force, Transformers and District 9 all ran mobile campaigns via Quattro.
- TV Programs including Dexter, Breaking Bad, Californication, 24 and Bridezillas have all run mobile campaigns with Quattro prior to season launches.
- Sony Digital Pictures promoted Pineapple Express DVD sales by driving a targeted audience to a mobile website where they could view video clips, download ringtones and wallpapers, share the site with a friend and click directly to Amazon to purchase the DVD.
- Multiple studios have used opening-day banners that expanded to offer video trailers, movie synopses, and a link to find local theaters.

To receive the complete set of charts, with additional metrics and insights, please email:

info@quattrowireless.com

To learn more about the current and future smartphone market and the impact of Flash 10 on mobile advertising, see our Tech Tuesday blog series at:

<http://tinyurl.com/gwtech>