



RhythmOne

Full Year 2015 Mobile Advertising Benchmarks Report

February 2016

#1Rmobile




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“...the effectiveness of mobile video content and advertising is set to reach new heights in the year ahead – particularly now that mobile video is also rising up to take a central role in influencing and enhancing the purchasing process. It’s why mobile video ad spending is already growing faster than any other digital advertising format.”¹

- Peggy Anne Salz, *Forbes*

About This Report / Methodology

RhythmOne's full calendar year 2015 (CY 2015) Mobile Advertising

Benchmarks Report offers both top-level and in-depth analyses of the mobile advertising programs we ran during January–December 2015.

This report provides key insights into the performance of various mobile ad formats and video ad lengths. Specifically, it focuses on engagement rates and video completion rates. Additionally, the report details best practices for mobile campaigns that are intended to maximize consumer engagement and video views.

In CY 2015, RhythmOne's US-based mobile programs spanned 20 advertiser categories and encompassed five ad formats: Interactive In-Stream Video, In-Stream Video, Interstitial Video, Mobile Full Page, and Mobile Rich Media.

RhythmOne Mobile Marketing

RhythmOne connects brands with consumers through engaging mobile video and rich media ad units across smartphones and tablets. Smartphones and tablets are arguably the most effective places for brands to reach consumers on the go – which is why we are dedicated to continuously innovating with mobile and cross-platform formats that engage omni-channel consumers.

In 2016, the mobile marketing opportunity has never been bigger for advertisers. According to eMarketer²:

- There will be 207.2 million US smartphone users of all ages this year, representing 73.4% of Internet users and 63.9% of the total population – and by 2019, the US smartphone audience will reach 236.8 million, or 85.5% of Internet users and 71.4% of the total population.
- In 2016, there will be 166.4 million US tablet users of all ages (62.7% of Internet users and 51.4% of the total population). By 2019, 108.9 million US users – including nearly 2-in-3 (65.3%) Internet users and 54.5% of the total population – will use tablets.



Highlights & Key Findings

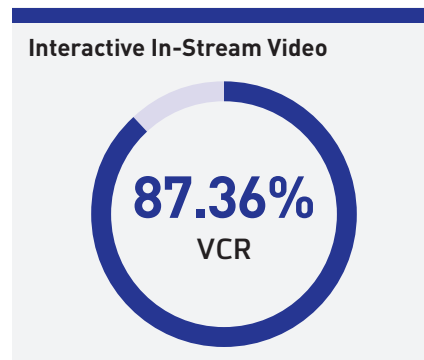
- Mobile Rich Media (93.69%) and Interactive In-Stream (87.40%) garner the highest completion rates; Mobile Rich Media (10.49%) and Mobile Full Page (7.95%) achieve the highest engagement rates with consumers.
- Mobile Full Page ads are ideal for driving engagement on tablets (14.19%), and Mobile Rich Media units are ideal for driving engagement on smartphones (10.68%).
- The top five performing advertiser categories in CY 2015 by Video Completion Rate (VCR) and Engagement Rate (ER):
 - › **Video Completion Rate**
 1. Sports and Fitness (94.44%)
 2. Entertainment – DVD Release (92.09%)
 3. Travel (91.18%)
 4. Retail (89.42%)
 5. Financial Services (89.26%)
 - › **Engagement Rate**
 1. Professional Services (5.38%)
 2. Books and Magazine (4.96%)
 3. Entertainment – Feature Film Release (4.19%)
 4. Financial Services (3.49%)
 5. [Tie] Entertainment – TV Tune In (3.32%); Restaurants/QSR (3.31%)
- Increased video length (:30 seconds vs. :15 seconds) negatively impacts VCR for a number of industry categories.
 - › General Entertainment (-21.47%), Restaurants/QSR (-13.37%), Technology (-9.75%), Telecom (-8.47%), Travel (-7.00%).

Full Year 2015 Mobile Program Overview

Interactive In-Stream Video

RhythmOne's Interactive In-Stream Video ad unit appears within premium video content and includes a suite of customizable interactivity options to drive engagement. The ad format appears either directly before a video clip or as a commercial break within long-form video. The quality of Interactive In-Stream Video can be dynamically enhanced (up to HD) based on network conditions.

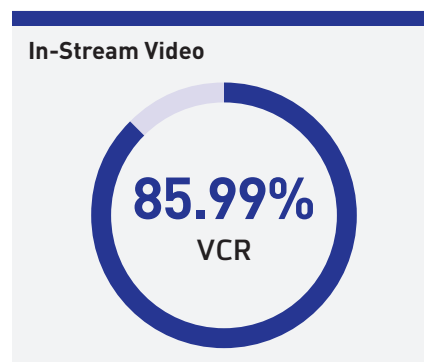
In CY 2015, on average, our Interactive In-Stream Video ad unit delivered an 87.36% video completion rate (VCR). More specifically, the average VCR was 87.20% across smartphones and 88.50% across tablet devices. In terms of interaction, the average engagement rate (ER) for Interactive In-Stream Video was 0.89%. Furthermore, the average ER was 1.00% across smartphones and 0.65% across tablets.



In-Stream Video

In-Stream Video ads appear within premium video content and deliver a pure video experience. Similar to Interactive In-Stream Video the ad format's video quality can be dynamically enhanced based on network conditions. The unit also appears either directly before a video clip or as a commercial break within long-form video.

On average, our In-Stream Video ads provided an 85.99% VCR in full year 2015 (86.06% VCR for smartphones; 85.63% VCR for tablets).

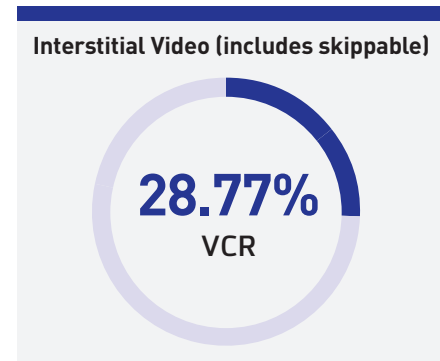


FULL YEAR 2015 MOBILE PROGRAM OVERVIEW

Interstitial Video

Interstitial Video ads are delivered on transitional screens within applications. These units are featured at app launch or during screen changes. Our Interstitial Video ad format is available in both forced view and skippable executions; the preferred execution depends on whether the advertiser's KPI is video completion (forced view) or ad engagement (skippable).

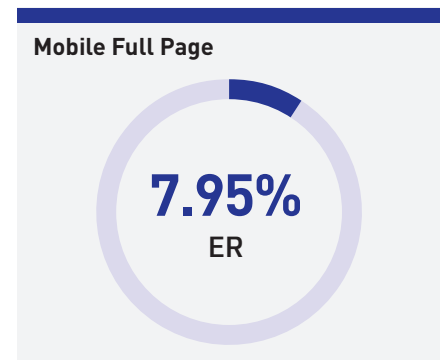
On average, our Interstitial Video delivered a 28.77% VCR in full year 2015 (27.72% VCR for smartphones; 49.72% VCR for tablet devices) and a 3.07% ER (3.24% for smartphones; 1.90% for tablet devices).



Mobile Full Page

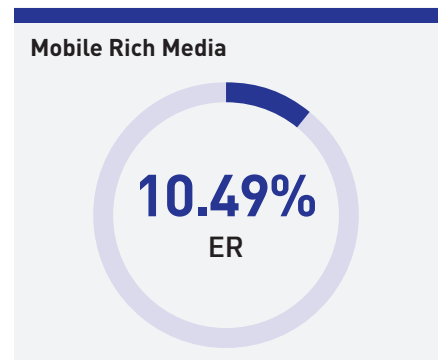
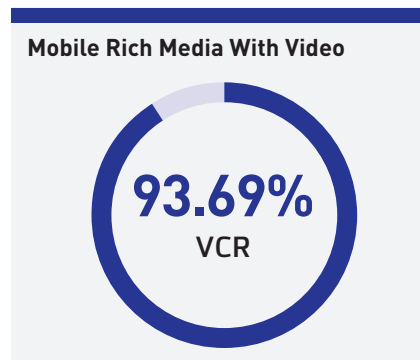
Mobile Full Page ads refer to static mobile display ads that take over the entire screen. Our Mobile Full Page ad format appears at app launch, game level change, and in photo galleries. The entire screen can serve as a hot spot, providing a large canvas with which users can interact. We offer a variety of tap-to-interact options to drive engagement, including tap-to-video, tap-to-learn more, social media extensions, and more.

On average, our Mobile Full Page ads saw a 7.95% engagement rate in CY 2015 (7.17% for smartphones; 14.19% for tablets).



Mobile Rich Media

Mobile Rich Media refers to ad units that can include full animation, custom buttons, multiple videos, photo galleries, social sharing, HTML5 overlays, GPS location scout, expansion capabilities, and device activation. These ads can house up to three interactive call-to-actions, including: visit website, add to calendar, tap-to-like on Facebook and/or Twitter, tap-to-video, tap-to-play, and more.



On average, our Mobile Rich Media units that included video saw a VCR of 93.69% (93.28% for smartphones; 94.82% for tablets). In terms of engagement, the average engagement rate for Mobile Rich Media was 10.49% – including 10.68% across smartphones and 5.50% across tablets.

Full Year 2015 Results

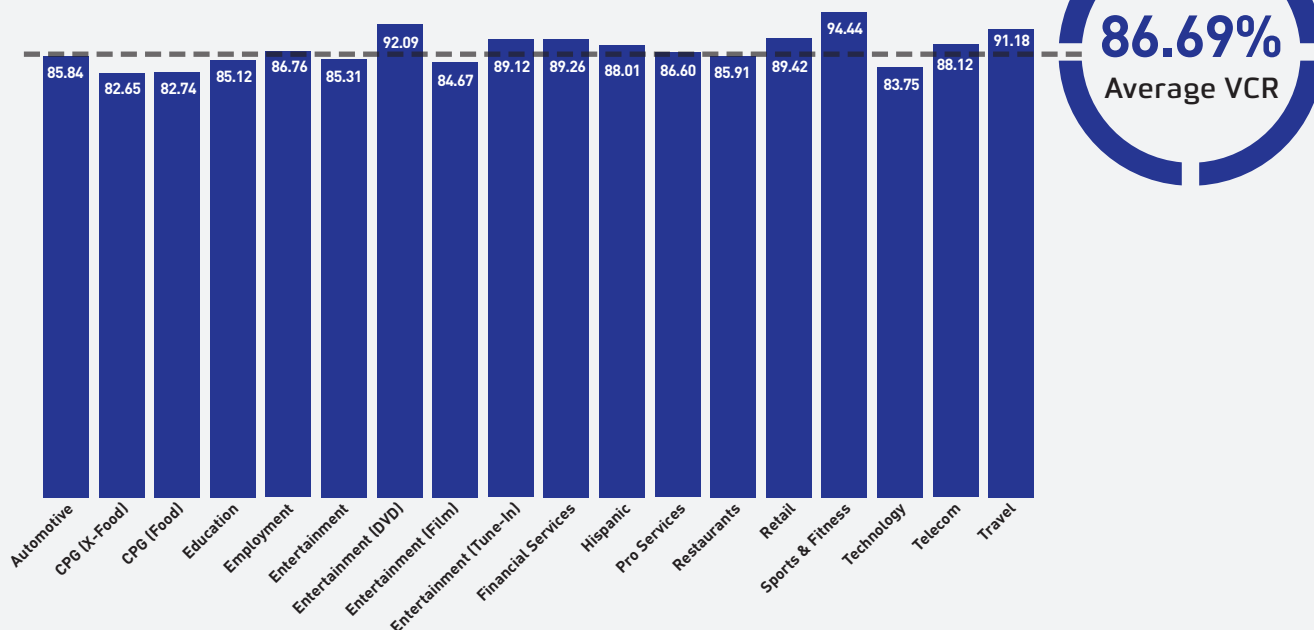
Video Completion Rate

On average, our Mobile Video programs delivered an 86.69% Video Completion Rate (VCR) in CY 2015. The VCR represents a combination of our results for Interactive In-Stream Video and In-Stream Video ad units.

Tablets and smartphones performed similarly; the average VCR for tablets was 87.10% vs. 86.65% for smartphones. Across advertiser categories, the average VCR breaks down as follows:

- Automotive: 85.84%
- CPG – Excluding Food: 82.65%
- CPG – Food: 82.74%
- Education: 85.12%
- Employment: 86.76%
- Entertainment – General: 85.31%
- Entertainment – DVD Release: 92.09%
- Entertainment – Feature Film Release: 84.67%
- Entertainment – TV Tune-In: 89.12%
- Financial Services: 89.26%
- Hispanic Audience – Targeted Campaigns: 88.01%
- Professional Services: 86.60%
- Restaurants/QSR: 85.91%
- Retail: 89.42%
- Sports and Fitness: 94.44%
- Technology: 83.75%
- Telecom: 88.12%
- Travel: 91.18%

In-Stream Video Completion Rates By Advertiser Category



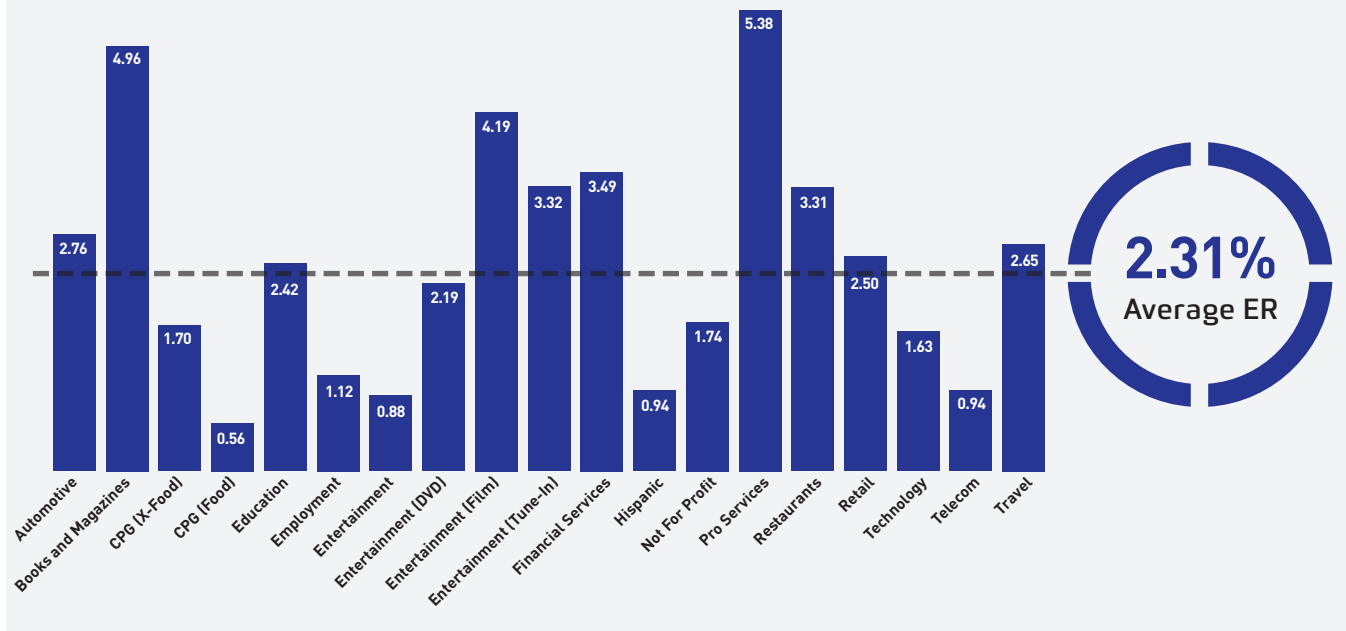
RESULTS

Engagement Rate

On average, RhythmOne Mobile programs saw a 2.31% engagement rate (ER) in CY 2015. Engagement rate represents a combination of our Interactive In-Stream Video, Interstitial Video, Mobile Full Page, and Mobile Rich Media ad units. We measured higher ERs across smartphones vs. tablets; average ER across smartphones was 2.28%, whereas it was 2.78% across tablets. Across advertiser categories, the average ER breaks down as follows:

- Automotive: 2.76%
- Books and Magazines: 4.96%
- CPG – Excluding Food: 1.70%
- CPG – Food: 0.56%
- Education: 2.42%
- Employment: 1.12%
- Entertainment – General: 0.88%
- Entertainment – DVD Release: 2.19%
- Entertainment – Feature Film Release: 4.19%
- Entertainment – TV Tune-In: 3.32%
- Financial Services: 3.49%
- Hispanic Audience – Targeted Campaigns: 0.94%
- Not for Profit: 1.74%
- Professional Services: 5.38%
- Restaurants/QSR: 3.31%
- Retail: 2.50%
- Technology: 1.63%
- Telecom: 0.94%
- Travel: 2.65%

Engagement Rates By Advertiser Category





Mobile Best Practices

When executing mobile advertising campaigns, it is important to keep optimal consumer experience top of mind. Our best practices are intended to help you make the most out of your mobile video campaigns.

Video Duration

In aggregate, we see similar completion rates for :15 second and :30 second videos. In CY 2015, our :15 second mobile video ads garnered an average VCR of 86.81%, and our :30 second videos garnered an average VCR of 86.87%.

It is important to note that for specific advertiser categories, there is a significant difference in the VCR between :15 second mobile video ads and :30 second video ads. The largest difference in VCR between :15 second and :30 second video is with our general entertainment advertisers (excluding film release, DVD release, and TV tune-in). Among general entertainment, :15 second videos garnered an average VCR of 87.95% and :30 second videos garnered an average VCR of 66.48%. Other categories that saw significant drop off in VCR between :15 second and :30 second video ads include: Restaurants/QSR (-13.37%), Technology (-9.75%), Telecom (-8.47%) and Travel (-7.00%).

MOBILE BEST PRACTICES

User Drop-Off

When it comes to video ads, the most significant loss of viewers occurs during the first quartile of the video. We recommend kicking off your video “strong” (i.e., engaging content/message, offer, etc.) to capture and retain user attention. Regardless of the brand or creative concepts at hand, ads that quickly get to the point – and take a cue from inherently short Vine and Instagram videos – will likely prove to be more effective than ads that take longer to tell their story and/or promote their offer.

In CY 2015, we found that average user drop-off breaks down as follows:

Ad Unit	Duration	First Quartile Drop-Off	Mid-Point Drop-Off	Third Quartile Drop-Off	Fourth Quartile Drop-Off
Interactive In-Stream	:15s	5.27%	3.25%	2.06%	1.97%
Interactive In-Stream	:30s	8.00%	4.74%	3.12%	2.27%
In-Stream	:15s	8.59%	4.13%	2.44%	2.76%
In-Stream	:30s	6.40%	3.23%	1.96%	1.32%

Note: drop-off is calculated from the retention percentage of the previous quartile.

Overlays and End Cards

We also recommend adding Branded Overlays and End Cards to your mobile video ad creative as a supplemental visual content element that can boost consumer engagement.

Branded Overlays allow consumers to remain within the video experience without clicking out to another destination. This allows the advertiser to feature additional messaging within, around, or over the video.

In CY 2015, the average Interactive In-Stream Video garnered a 0.89% engagement rate. However, when a Branded Overlay was added to the video unit, the engagement rate increased to 1.70% with a Standard Overlay, and 2.83% with a Custom Overlay (a 317% increase in engagement rate).

End Cards allow a brand to feature additional messaging for up to five seconds at the end of their video experience. This feature is an ideal vehicle to extend the brand’s message to the consumer without having them click out to another destination.

When an End Card was added to the Interactive In-Stream Video, the engagement rate increased from 0.89% to 1.89% with a Standard End Card, and 1.61% with a Custom End Card.



End card



Appendix

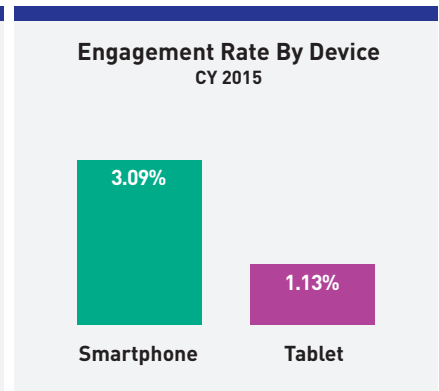
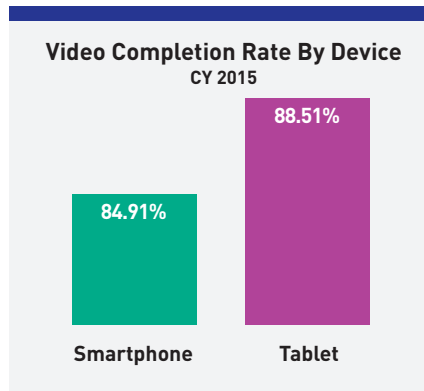


Category Specific Benchmarks

Automotive

Automotive campaigns accounted for 7.74% of the total number of mobile advertising campaigns RhythmOne ran in CY 2015.

On average, Automotive advertisers saw a VCR of 85.84% for Interactive In-Stream Video and In-Stream Video ad units.

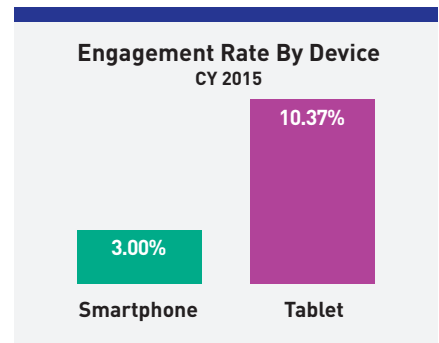


Across our Interactive In-Stream Video, Interstitial Video, and Mobile Full Page ad units, Automotive advertisers saw an average ER of 2.76%.

Books and Magazines

Books and Magazines accounted for 0.97% of the total number of mobile advertising campaigns RhythmOne ran in CY 2015. Advertisers in this category did not run video ads.

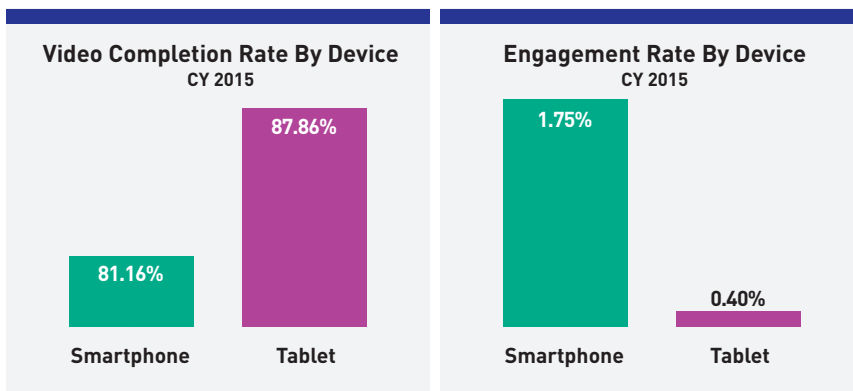
Across our Mobile Full Page ad unit, advertisers in the Books and Magazines category saw an average ER of 4.96%.



CPG – Excluding Food

CPG (excluding food) campaigns accounted for 9.76% of the total number of mobile advertising campaigns RhythmOne ran in CY 2015.

On average, CPG (excluding food) advertisers saw a VCR of 82.65% for Interactive In-Stream Video and In-Stream Video ad units.

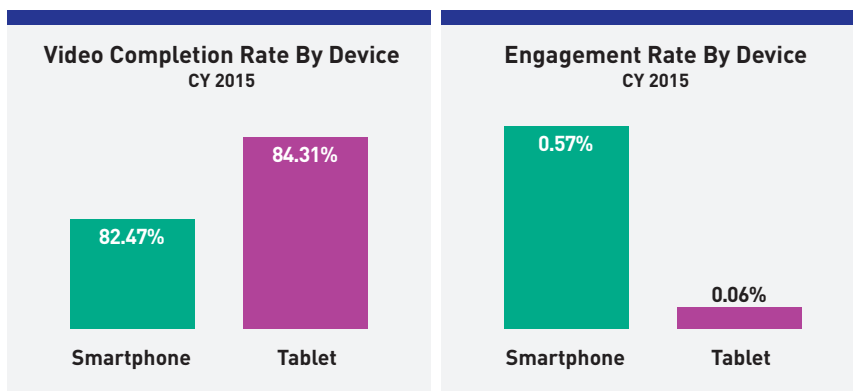


Across our Interactive In-Stream Video, Interstitial Video, Mobile Full Page, and Mobile Rich Media ad units, CPG (excluding food) advertisers saw an average ER of 1.70%.

CPG – Food

CPG – Food campaigns accounted for 11.14% of the total number of mobile advertising campaigns RhythmOne ran in CY 2015.

On average, CPG – Food advertisers saw a VCR of 82.74% for Interactive In-Stream Video and In-Stream Video ad units.

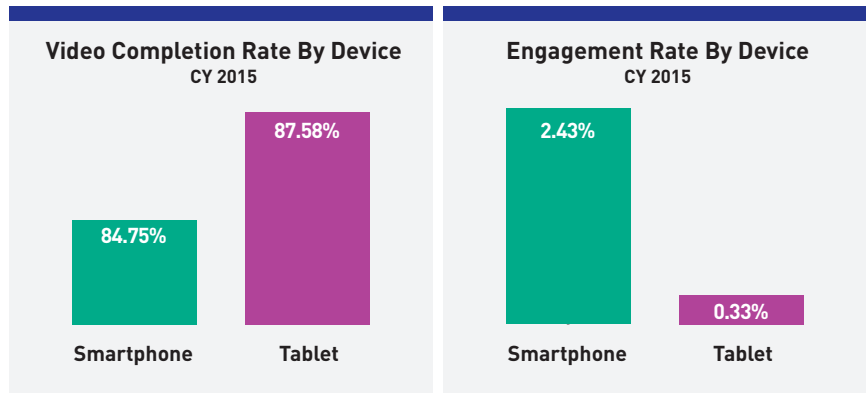


Across our Interactive In-Stream Video, Interstitial Video, and Mobile Full Page ad units, CPG – Food advertisers saw an average ER of 0.56%.

Education

Education campaigns accounted for 1.64% of the total number of mobile advertising campaigns RhythmOne ran in CY 2015.

On average, Education advertisers saw a VCR of 85.12% for Interactive In-Stream Video and In-Stream Video ad units.



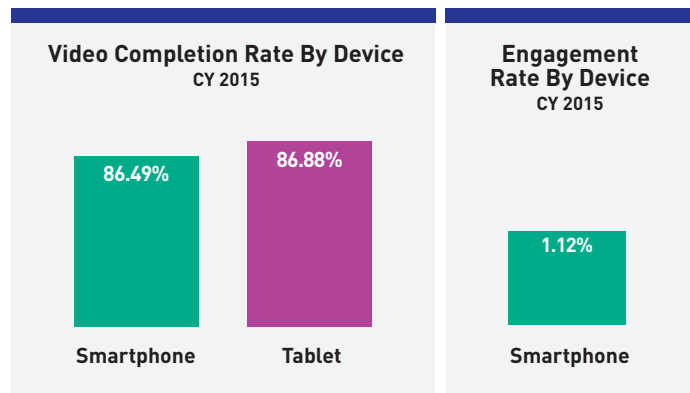
Across our Interactive In-Stream Video and Mobile Full Page ad units, Education advertisers saw an average ER of 2.42%.

Employment

Employment campaigns accounted for 1.09% of the total number of mobile advertising campaigns RhythmOne ran in CY 2015.

On average, Employment advertisers saw a VCR of 86.76% for the In-Stream Video ad unit.

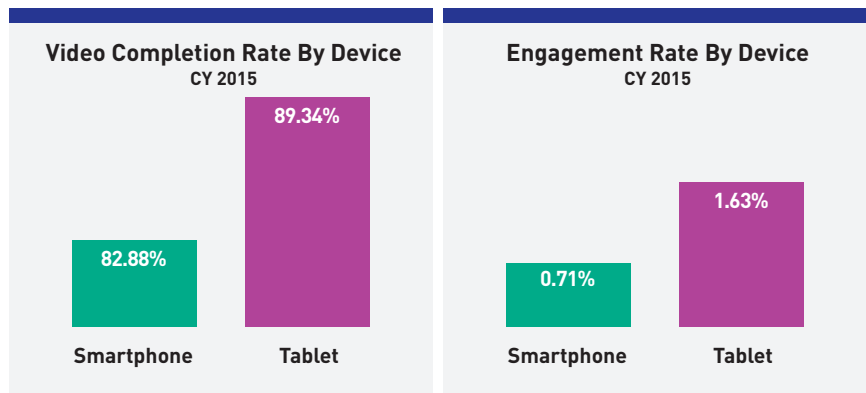
Across our Interstitial Video ad unit (smartphone only), Employment advertisers saw an average ER of 1.12%.



Entertainment – General

Entertainment – General campaigns accounted for 1.30% of the total number of mobile advertising campaigns RhythmOne ran in CY 2015.

On average, Entertainment – General advertisers saw a VCR of 85.31% for Interactive In-Stream Video and In-Stream Video ad units.

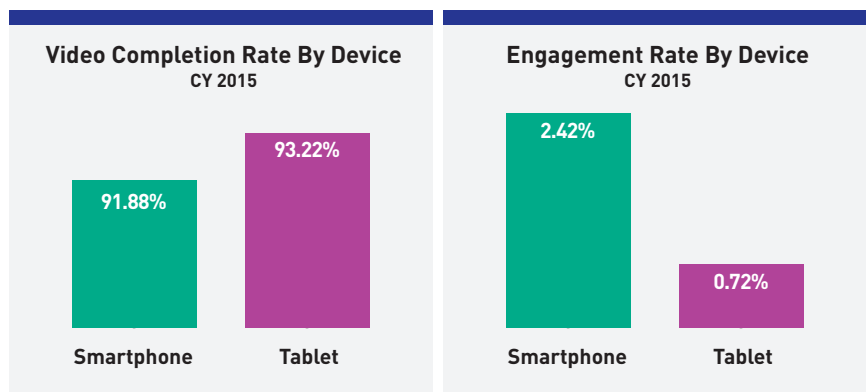


Across our Interactive In-Stream Video and Interstitial Video ad units, Entertainment – General advertisers saw an average ER of 0.88%.

Entertainment – DVD Release

Entertainment – DVD Release campaigns accounted for 2.02% of the total number of mobile advertising campaigns RhythmOne ran in CY 2015.

On average, Entertainment – DVD Release advertisers saw a VCR of 92.09% for Interactive In-Stream Video and In-Stream Video ad units.

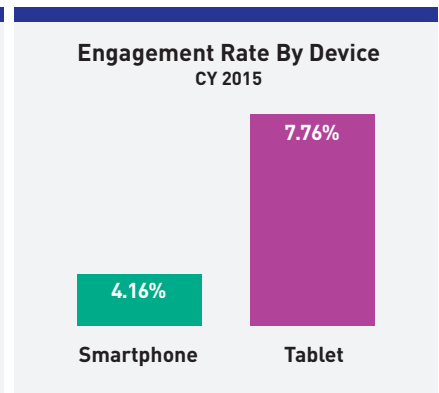
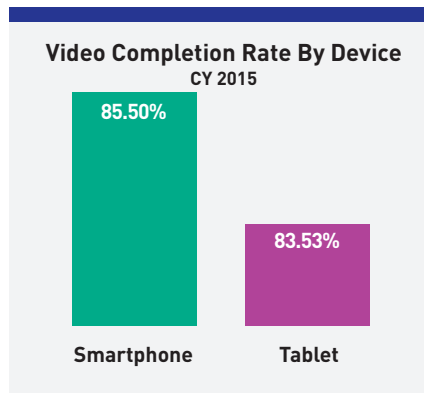


Across our Interactive In-Stream Video, Mobile Full Page, and Mobile Rich Media ad units, Entertainment – DVD Release advertisers saw an average ER of 2.19%.

Entertainment – Feature Film Release

Entertainment – Feature Film Release campaigns accounted for 0.84% of the total number of mobile advertising campaigns RhythmOne ran in CY 2015.

On average, Entertainment – Feature Film Release advertisers saw a VCR of 84.67% for Interactive In-Stream Video and In-Stream Video ad units.

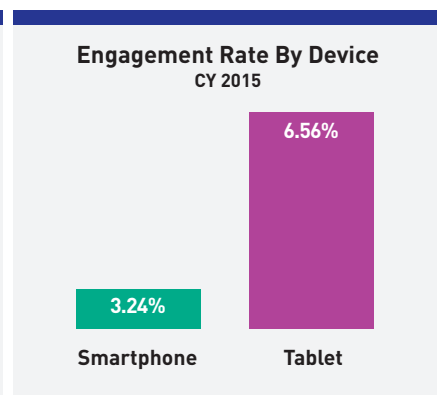
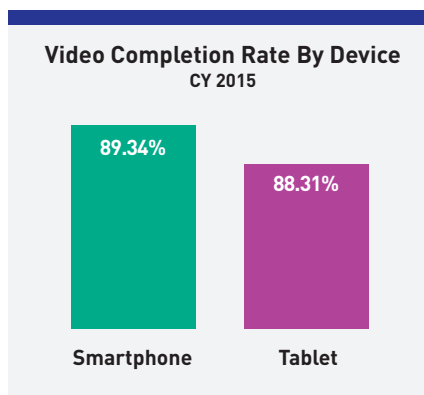


Across our Interactive In-Stream Video, Interstitial Video, and Mobile Full Page ad units, Entertainment – Feature Film Release advertisers saw an average ER of 4.19%.

Entertainment – TV Tune-In

Entertainment – TV Tune-In campaigns accounted for 14.55% of the total number of mobile advertising campaigns RhythmOne ran in CY 2015.

On average, Entertainment – TV Tune-In advertisers saw a VCR of 89.12% for Interactive In-Stream Video and In-Stream Video ad units.

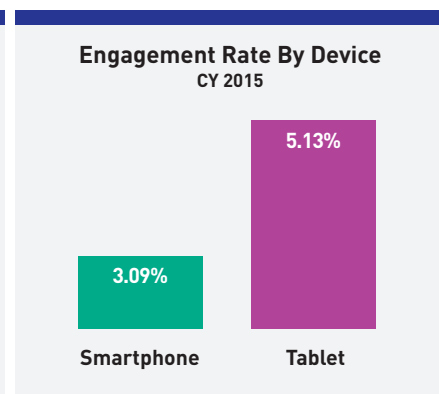
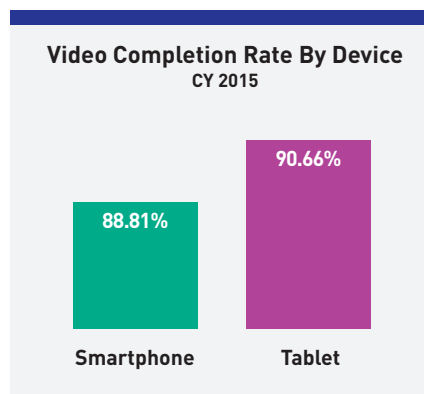


Across our Interactive In-Stream Video, Interstitial Video, Mobile Full Page, and Mobile Rich Media ad units, Entertainment – TV Tune-In advertisers saw an average ER of 3.32%.

Financial Services

Financial Services campaigns accounted for 8.87% of the total number of mobile advertising campaigns RhythmOne ran in CY 2015.

On average, Financial Services advertisers saw a VCR of 89.26% for Interactive In-Stream Video and In-Stream Video ad units.

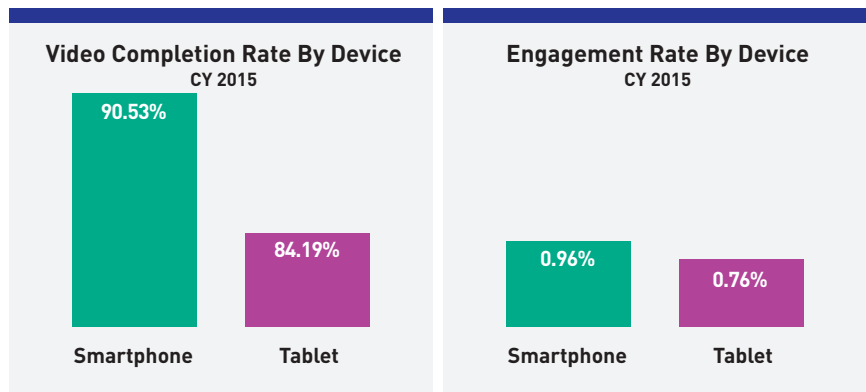


Across our Interactive In-Stream Video, Interstitial Video, Mobile Full Page, and Mobile Rich Media ad units, Financial Services advertisers saw an average ER of 3.49%.

Hispanic Audience – Targeted Campaigns

Hispanic audience-targeted campaigns accounted for 3.91% of the total number of mobile advertising campaigns RhythmOne ran in CY 2015.

On average, advertisers targeting Hispanic audiences saw a VCR of 88.01% for the In-Stream Video ad unit.



Across our Interactive In-Stream Video, Interstitial Video, Mobile Full Page, and Mobile Rich Media ad units, advertisers targeting Hispanic audiences saw an average ER of 0.94%.

CASE STUDY: ENTERTAINMENT – TV TUNE-IN Creating Buzz for an Original Series

Target

Adults aged 25-54, skewed towards males with an affinity for lightly scripted dramas, sci-fi, fantasy, and action sports.

Campaign Goals

Drive tune-ins of a season premiere for an original series on a top-tier cable network.

Solution

RhythmOne ran a combination of Smartphone Interactive In-Stream Video, In-Stream Video, and Connected TV In-Stream Video to showcase video trailers for the original series.

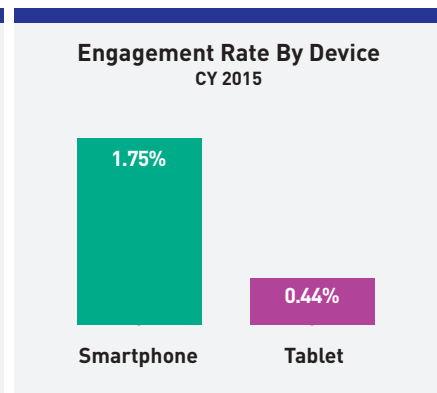
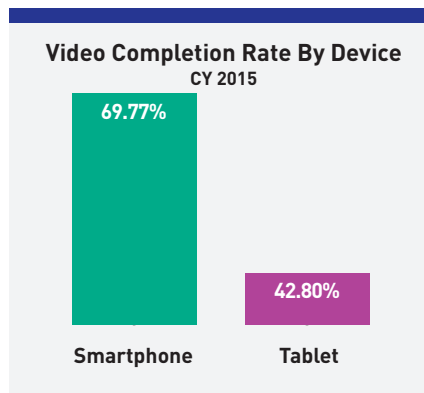
Results

The Interactive and Connected TV In-Stream Video units edged our video completion rate (VCR) benchmarks for the Entertainment: TV Tune-In category and delivered a 90%+ VCR on both smartphones and tablets. Additionally, the Connected TV In-Stream Video generated a VCR of nearly 100% for lead-in to the premiere.

Not For Profit

Not for Profit accounted for 0.46% of the total number of mobile advertising campaigns RhythmOne ran in CY 2015. These campaigns ran pro bono. Advertisers in this category ran only Interactive In-Stream video units.

On average, our Not for Profit advertisers saw a VCR of 69.75% for Interactive In-Stream Video ad units.

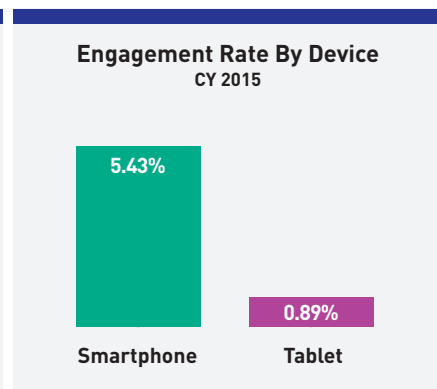
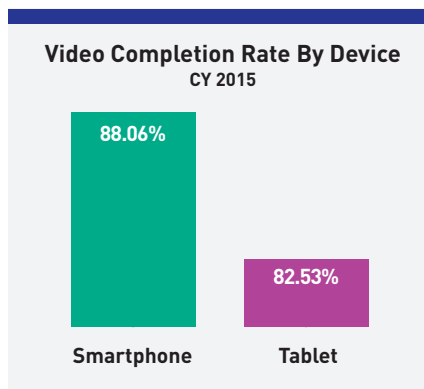


Across our Interstitial Video and Mobile Full Page ad units, advertisers in the Not for Profit category saw an average ER of 1.74%.

Professional Services

Professional Services campaigns accounted for 1.14% of the total number of mobile advertising campaigns RhythmOne ran in CY 2015.

On average, Professional Services advertisers saw a VCR of 86.60% for Interactive In-Stream Video and In-Stream Video ad units.

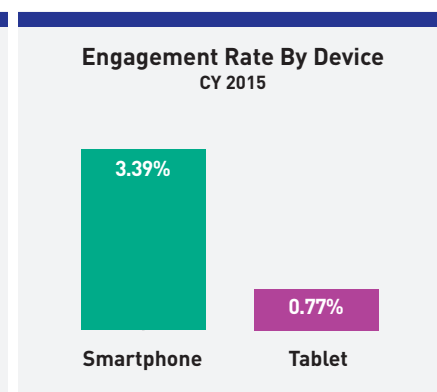
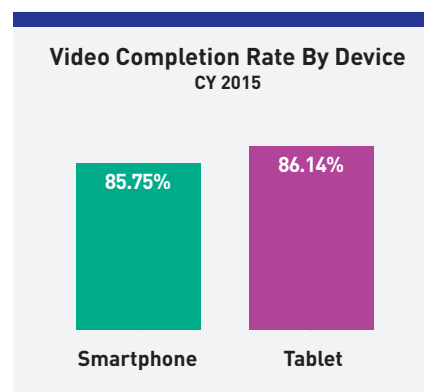


Across our Interactive In-Stream Video, Interstitial Video, Mobile Full Page, and Mobile Rich Media ad units, Professional Services advertisers saw an average ER of 5.38%.

Restaurants/QSR

Restaurants/QSR campaigns accounted for 5.68% of the total number of mobile advertising campaigns RhythmOne ran in CY 2015.

On average, Restaurant/QSR advertisers saw a VCR of 85.91% for Interactive In-Stream Video and In-Stream Video ad units.

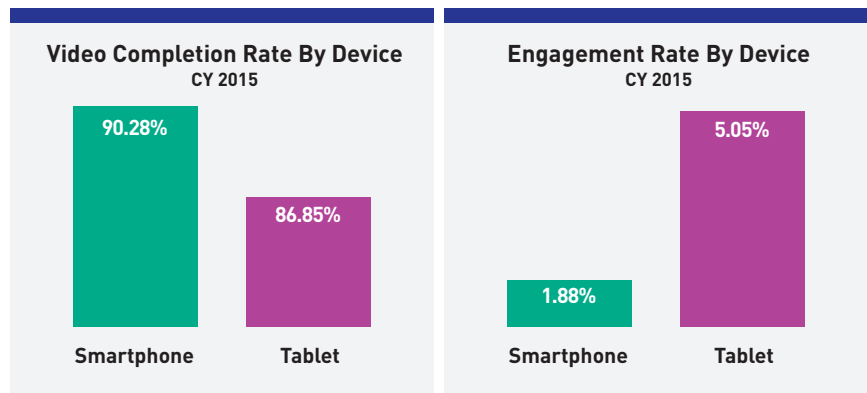


Across our Interactive In-Stream Video, Interstitial Video, and Mobile Rich Media ad units, Restaurants/QSR advertisers saw an average ER of 3.31%.

Retail

Retail campaigns accounted for 4.46% of the total number of mobile advertising campaigns RhythmOne ran in CY 2015.

On average, Retail advertisers saw a VCR of 89.42% for Interactive In-Stream Video and In-Stream Video ad units.



Across our Interactive In-Stream Video, Interstitial Video, Mobile Full Page, and Mobile Rich Media ad units, Retail advertisers saw an average ER of 2.50%.

CASE STUDY: RESTAURANTS/QSR Building Awareness of Free Dessert

Target

Adults aged 25-49 with a Hispanic breakout; geo-targeted to zip codes in the Los Angeles, New York and Philadelphia DMAs.

Campaign Goals

Build awareness of free dessert on Monday nights for a national restaurant chain.

Solution

RhythmOne built a Mobile Full Page ad with Add-to-Calendar functionality – allowing for consumers to engage with the mobile ad and take direct action to add a reminder to a smartphone and/or tablet’s calendar. Additionally, to ensure we reached target audience, we built a custom channel of Hispanic audience-focused mobile properties and added a layer of third party data targeting to the campaign.

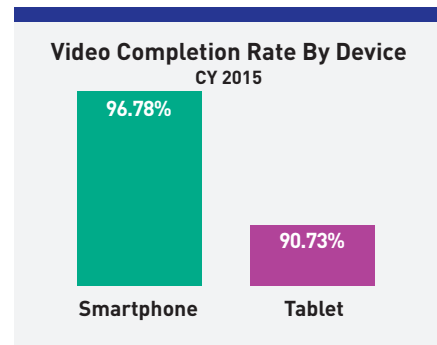
Results

The animated Full Page Add-to-Calendar generated an outstanding engagement rate (ER) that far surpassed our ER benchmark for the Restaurants/QSR category; more than 2 million consumers added the offer to calendars on their mobile device(s).

Sports and Fitness

Sports and Fitness campaigns accounted for 0.13% of the total number of mobile advertising campaigns RhythmOne ran in CY 2015. Advertisers in this category did not run any interactive mobile campaigns.

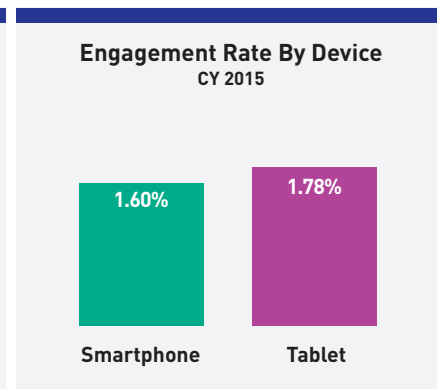
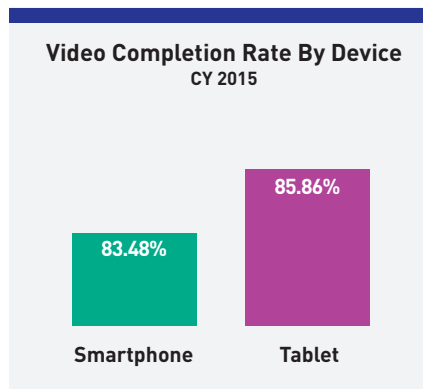
On average, Retail advertisers saw a VCR of 94.44% for Interactive In-Stream Video and In-Stream Video ad units.



Technology

Technology campaigns accounted for 5.05% of the total number of mobile advertising campaigns RhythmOne ran in CY 2015.

On average, Technology advertisers saw a VCR of 83.75% for Interactive In-Stream Video and In-Stream Video ad units.

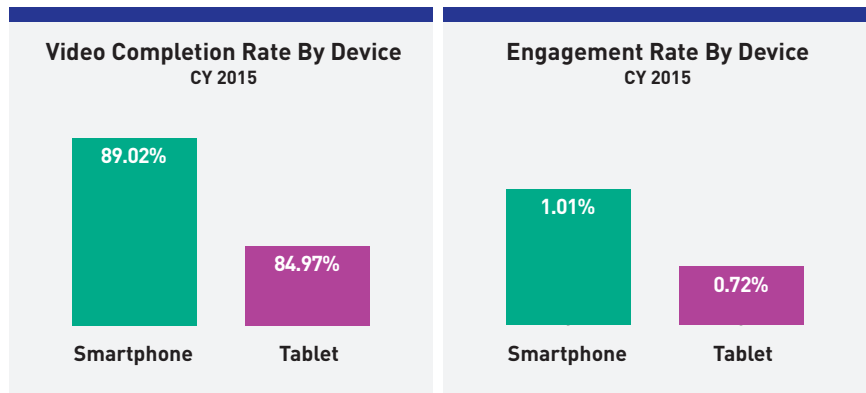


Across our Interstitial Video, Mobile Full Page and Mobile Rich Media ad units, advertisers in the Technology category saw an average ER of 1.63%.

Telecom

Telecom campaigns accounted for 6.98% of the total number of mobile advertising campaigns RhythmOne ran in CY 2015.

On average, Telecom advertisers saw a VCR of 88.12% for Interactive In-Stream Video and In-Stream Video ad units.

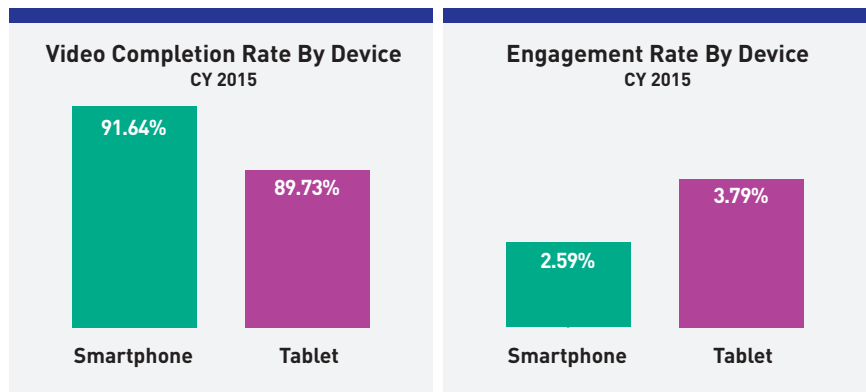


Across our Interactive In-Stream Video and Interstitial Video ad units, Telecom advertisers saw an average ER of 0.94%.

Travel

Travel campaigns accounted for 6.35% of the total number of mobile advertising campaigns RhythmOne ran in CY 2015.

On average, Travel advertisers saw a VCR of 91.18% for Interactive In-Stream Video and In-Stream Video ad units.



Across our Interactive In-Stream Video, Interstitial Video, Mobile Full Page, and Mobile Rich Media ad units, Travel advertisers saw an average ER of 2.65%.



Resources

¹Peggy Anne Salz: "Why Mobile Video (Advertising) Will Eat The World." *Forbes*; January 12, 2016.

²eMarketer Comparative Estimates, July 2015. Smartphone figures are representative of individuals of any age who own at least one smartphone and use the smartphone(s) at least once per month; Tablet figures are representative of individuals of any age who use a tablet at least once per month.

About RhythmOne

RhythmOne is a media technology company that connects audiences with brands through premium content across devices, at scale. We work with advertisers, publishers, and content providers to offer fully integrated, cross-screen advertising solutions, spanning desktop and mobile video, influencer marketing, rich media, and native formats. RhythmOne offers advertisers a significant supply footprint through both owned and operated web properties and a network of quality partners. The sum of these capabilities ensures that advertisers maximize their ROI, with transparent measurement around campaign effectiveness and attribution. RhythmOne's long-term vision is to provide the industry's most accountable marketplace for online advertising.

The Company is headquartered in San Francisco, California with offices worldwide. For more information, please visit www.RhythmOne.com.

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