

# Smaato Releases Q2 2011 Mobile Advertising Metrics Report

- Despite increased adoption in mobile advertising, findings reveal fill rates are still in decline
- Apple loses to RIM in mobile advertising performance world index for smartphone OS, but threatens to overtake Windows in the U.S.

**San Francisco, CA / Singapore / Hamburg, Sept. 19, 2011** - Smaato Inc., the leading mobile ad optimizer and mobile advertisement platform, today announces the findings of its latest global mobile advertising quarterly metrics for Q2 2011. Findings detail mobile advertising adoption, fill rates and overall affect on mobile ad network performance and considerations for mobile developers and advertisers. Full results available at <http://www.smaato.com/metricsq22011/>

The performance parameters in the Smaato Index are based on over 80 billion managed ad requests in the second quarter of 2011 and over 60 connected ad networks delivering mobile advertising across 230 countries.

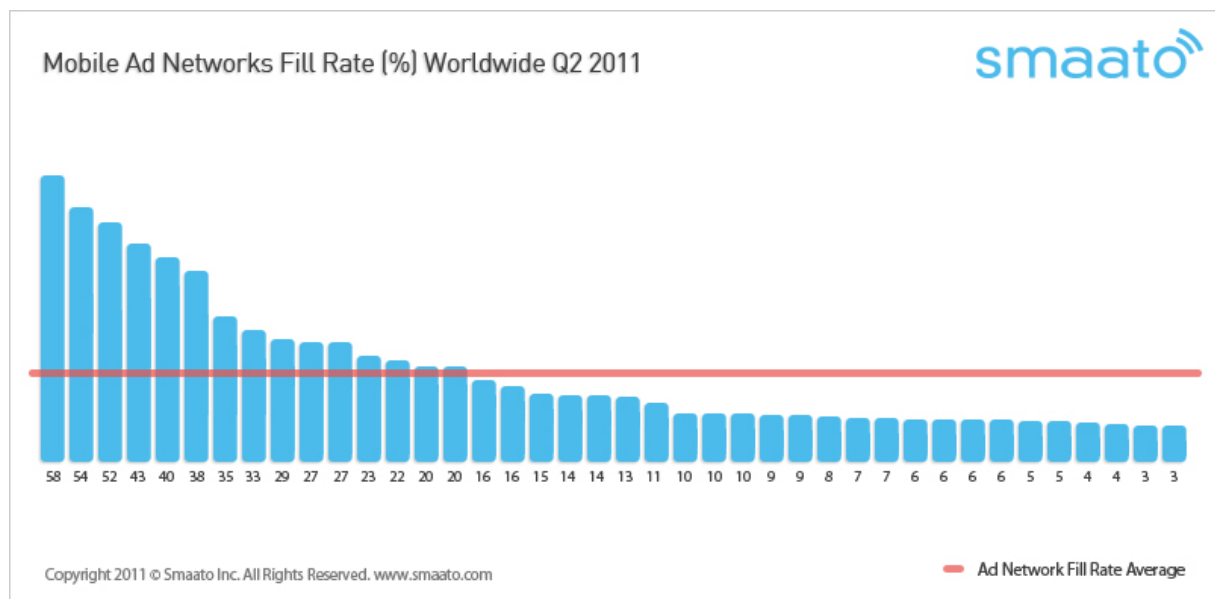


Chart 1: Mobile Ad Networks Fill Rate (%) Worldwide Q2 2011

**How to read Chart 1:** The Smaato metrics demonstrate the performance of mobile ad networks globally and the fill rate is measured as the percentage of ads delivered per ad request and varies by factors, like country, device and content type.

## Overall worldwide fill rates continue to decline

According to Smaato, the top 40 ad networks in the world, ranked by ad impression volume, showed a significant performance spread - with fill rates ranging from 3% to 58%. Worldwide, the average ad network fill rate was 18% in Q2 2011, a 2% decline from the previous quarter, and a 3% decline year on year, indicating possible commoditization as mobile inventory increases at a faster pace than mobile advertising budgets.

"Although current economic conditions are a factor, the continued quarter on quarter decline in fill rates is an indicator that the market is not only becoming increasingly fragmented, but also under threat of commoditization as inventory increases at a faster rate than budgets. While we will absolutely see more ad dollars coming to mobile and the average campaign size increase, this will be across a much wider range of inventory, which will in turn drive costs down," stated **Harald Neidhardt, co-founder and CMO of Smaato.**

**Specialization yields greater returns, despite 11% drop in fill rates**

In Q2 2011, nine mobile ad networks out of the top 40 performed above the average Smaato Index – with fill rates ranging widely from 23% to 58%, which was based on considerably smaller volumes.

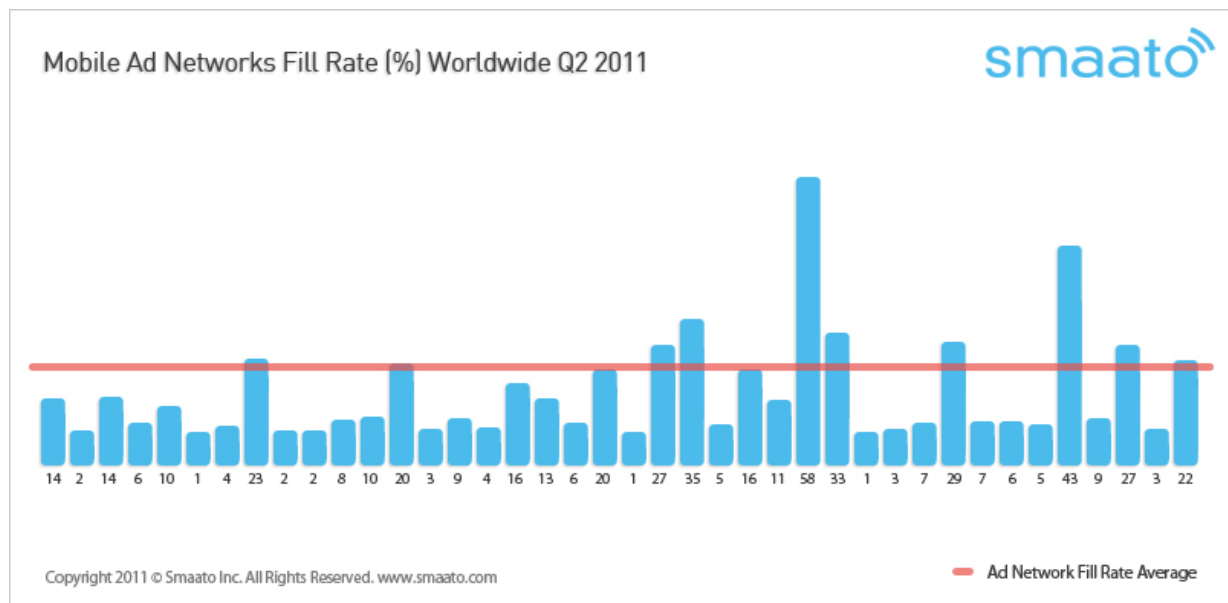


Chart 2: Mobile Ad Networks Fill Rate (%) Worldwide Q2 2011

**How to read Chart 2:** The ad network with the highest volume of ad requests aggregated in the Smaato network provided an average of 21% fill rate in Q2 2011. In comparison, the highest performing ad network with a fill rate of 58%, dropped 11% from the previous quarter, still performing at a much lower volume with a rank of 27 out of the top 40 ad networks.

Although the overall mobile advertising market continues to grow, findings suggest ad networks are continuing to specialize offering features such as geo-location or video, which are proving to add more value. As a result, large-scale optimization systems are increasing demand to track and maximize returns in high volumes of ad requests and faster response times.

"Longer term, fill rates are likely to be even more difficult to achieve as ad networks and Demand Side Platforms continue to be more selective in the inventory they leverage. Publishers and developers will need to be more strategic in how they monetize their inventory and consider enlisting multiple ad networks to achieve past fill rates. Ad optimizers, such as Smaato, will play an increasingly important role in the aggregation of multiple ad networks to maximize revenues from mobile advertising. While it's too early to jump to conclusions, we will see even more targeting capabilities made possible as click through rates increase, thus driving eCPMs higher," added Neidhardt.

### US fill rates drop 8% from previous quarter

In Q2 2011, the top 20 US ad networks (sorted by volume of ad requests) fill rate declined from 27% to 19%. Only six out of the top 20 US ad networks performed above average between 28% to 62%.

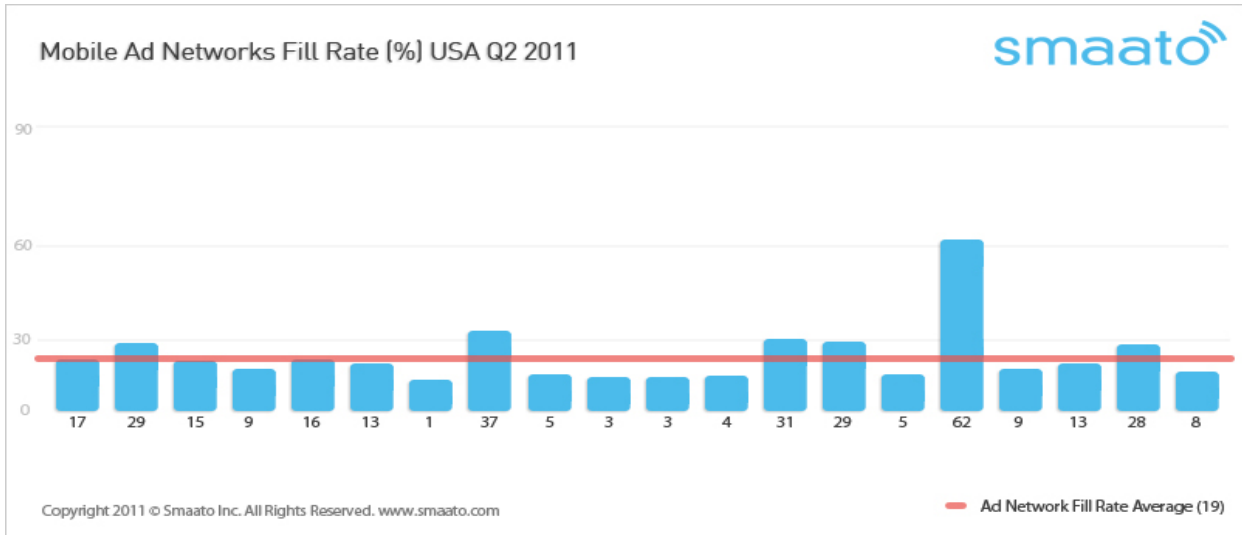


Chart 3: Mobile Ad Networks Fill Rate (%) USA Q2 2011

### Windows continues to lead, RIM overtakes Apple in Worldwide Performance Index

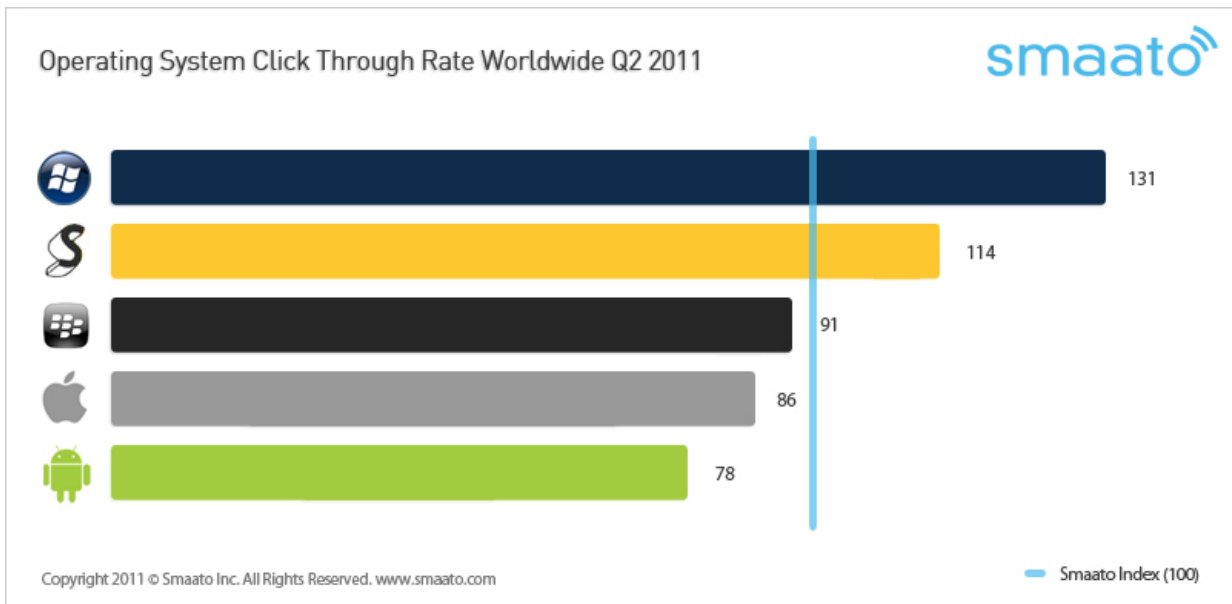


Chart 4: Operating System Click Through Rate Worldwide Q2 2011 - The Smaato Index consists of the average CTR of all devices, and this number is set to 100.

Although Windows Phone (131) continues to lead the Smaato Index in smartphone operating systems in Q2 2011 for the second consecutive quarter, RIM (91) made significant inroads in Q2 overtaking Apple (86) in mobile advertising performance Worldwide Performance Index. Compared to Smaato's Q2 2010 Metrics, Nokia's Symbian OS (114) continues to lose market share, while Google Android (78) increased its performance by almost 50%.

Elaborating further on the research, Neidhardt said: *"Soon we will see Android devices retailing under \$100. Plus there are a number of Android powered Asian tablets on the horizon, which will further accelerate Android market penetration. As this trend continues, we will see even greater demand from big brands and advertisers for the Android platform, and therefore greater revenue opportunities for publishers and developers as Android continues to proliferate."*

### Apple threatens to overtake Windows in US Performance Index

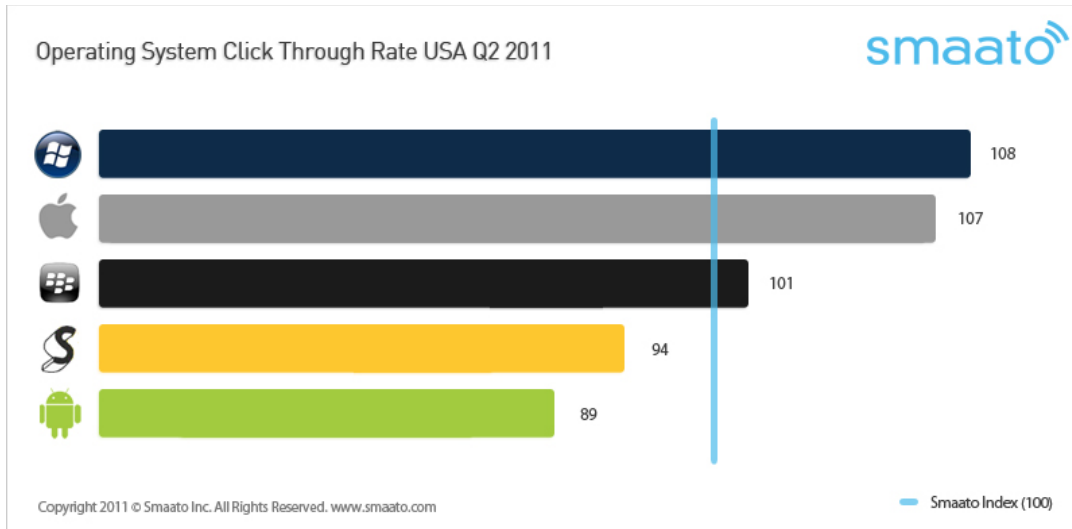


Chart 5: Operating System Click Through Rate USA Q2 2011

For the U.S., Smaato’s Q2 2011 Metrics reveal Windows Phone (108) continues to lead operating system performance, closely followed by the popular Apple iOS (107) and losing ground to other popular operating systems such as Google’s Android (89). Surprisingly, RIM moved up two places to 3<sup>rd</sup>, while Symbian continued to lose ground.

*"Performance plays a huge factor when planning a mobile ad campaign. When a campaign is measured by click through rates (CTR) and is paid in the eCPC model, marketers are advised to focus on the top performing OS,"* commented Neidhardt.

**Average response time of mobile ad networks is 328 msec worldwide**

In Q2 2011, the range of response times ranged from 39 to 328 msec for the top ten worldwide ad networks, translating to an average response time of 290 msec.

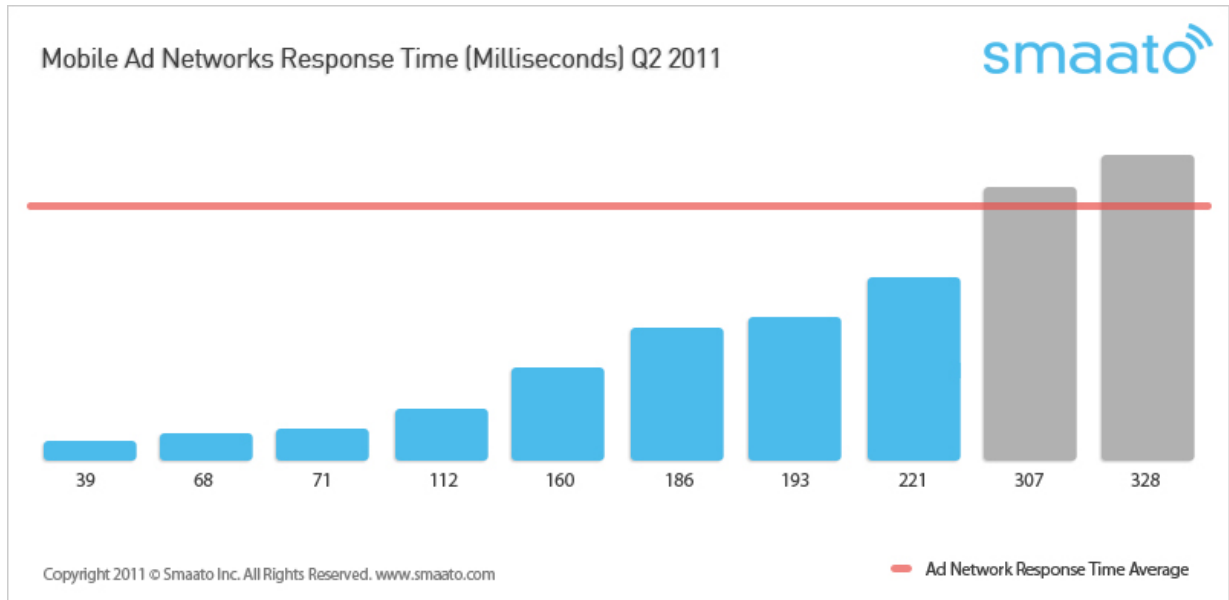


Chart 6: Mobile Ad Networks Response Time (Milliseconds) Q2 2011

Smaato’s Q2 2011 Metrics also demonstrate the performance of mobile ad networks globally. The fill rate is measured as the percentage of ads delivered per ad request and varies by factors such as country, device and content type.

The ad networks are not named in the Smaato Metrics report, but are revealed in the dashboard of registered Smaato publishers’ reporting and analytics tools available [here](#).

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## About Smaato

Smaato provides Ads for Apps – operating the leading mobile advertising optimization platform called SOMA. More than 40,000 app developers and premium publishers have signed up with Smaato to monetize their content in 230+ countries.

SOMA's unique feature is the aggregation of 60+ leading ad networks globally to maximize mobile advertising revenues. Through an open API and the widest range of SDKs, SOMA can be easily integrated with ad networks, ad inventory owners (publishers, developers and operators) and 3rd party ad technology providers.

Smaato is an active member of the Mobile Marketing Association, Singapore Infocomm Industry (SITF), Singapore IT Federation and the German Digital Media Association BVDW. Smaato received a Top 100 Private Company Award by AlwaysOn Media (2011, 2009 & 2007), is one of the AlwaysOn Global 250 winners in the Mobile category (2011) and was recently named a "company to watch in 2010" by Financial Analyst company GP Bullhound, among other awards.

Smaato Inc. is based in San Francisco, California. The privately held company was founded in 2005 by an experienced International management team. The European headquarters are in Hamburg, Germany and the Asia-Pacific presence of Smaato has been established in Singapore.

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