



J A N A

# EMERGING MARKETS

Changing the Game of Mobile Advertising

# INTRODUCTION

## THE FUTURE OF ADVERTISING IS MOBILE, AND THE FUTURE OF MOBILE IS IN EMERGING MARKETS.

By 2050, India will overtake the United States and become the second largest world economy, right behind China.<sup>1</sup> The number of smartphones sold in India—the world’s second-largest smartphone market—increased by 30% between 2015 and 2016.<sup>2</sup> Meanwhile, in the U.S., smartphone growth increase by only 3% over the same period of time.

This represents a massive opportunity for advertisers to reach a new set of consumers in these countries. In this report, we outline three current mobile advertising trends in emerging markets and introduce actionable best practices that advertisers should follow to adjust their advertising plans for emerging market consumers.



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# DEFINING EMERGING MARKETS

Jana identifies emerging markets by measuring three main factors—gross domestic product (GDP) growth, GDP per capita, and total GDP. Countries that have a combination of high GDP growth rate, low GDP per capita, and large total GDP are considered “emerging.” It is important to note, however, since the line of measurement shifts year to year based on economic factors, the formula is not an exact science.

For example, the U.S. and Japan both have high total GDP and a high GDP per capita, categorizing them as developed markets. On the other hand, China and India have high GDP growth—around 15x that of Japan—and have low GDP per capita, making their economies “emerging.” There are a few countries in the Middle East, including the United Arab Emirates and Saudi Arabia, that have high total GDP and GDP growth, yet also have high GDP per capita relative to countries like India and China. We do not consider these countries to be standard “emerging markets.” We categorize Brazil as an emerging market despite its decrease in GDP in 2015 because its economy is expected to recover and grow quickly in the longer term.

COUNTRIES THAT  
HAVE A HIGH GDP  
GROWTH RATE, LOW  
GDP PER CAPITA, AND  
A LARGE TOTAL GDP  
ARE CONSIDERED  
**“EMERGING.”**

	COUNTRY NAME	2015 GDP (CURRENT USD)	2015 GDP GROWTH	2015 GDP/CAPITA (CURRENT USD)
<b>DEVELOPED</b>	United States	\$17.9T	243%	\$56K
	Japan	\$4.1T	47%	\$32K
	United Kingdom	\$2.8T	233%	\$44K
	Saudi Arabia	\$0.6T	349%	\$20K
	United Arab Emirates	\$0.3T	318%	\$40K
<b>EMERGING</b>	China	\$10.9T	690%	\$8K
	India	\$2.1T	757%	\$2K
	Brazil	\$1.8T	-385%	\$9K
	Mexico	\$1.1T	255%	\$9K
	Indonesia	\$0.9T	479%	\$3K

Source: World Bank



TREND #1

# DIGITAL ADOPTION IS SHIFTING AD DOLLARS

# THE \$22B MOBILE AD SPEND OPPORTUNITY

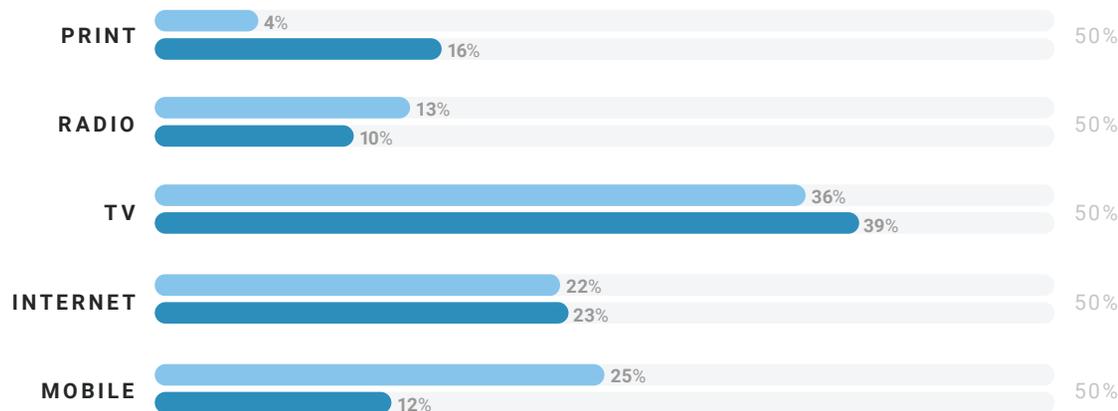
Around the world, advertising dollars are being shifted away from traditional platforms—television and print—to digital mediums. 2017 will mark a new era for digital advertising in the U.S. Ad spend on digital channels is expected to surpass advertising on television by \$5.4B.<sup>3</sup> Between the digital channels of mobile, desktop search, desktop banner, and desktop video, mobile is the lead platform in the U.S., with 47% of digital revenue.<sup>4</sup>

However, in the U.S., advertising dollars are being spent disproportionately in relation to the time consumers spend on these channels. For example, print advertising made up 16% of the total advertising spend in 2015, despite making up only 4% of consumers' consumption. Meanwhile, the opportunity for mobile advertising is great. It represented 12% of total ad spend in 2015, yet consumers spent 25% of their time on mobile.<sup>5</sup>

The shift in ad dollars is not a surprise when we look at how much time consumers spend on each channel. Time spent per day watching television has decreased by over 30 minutes since 2012 and time spent on mobile has increased by 98 minutes over the same period of time.<sup>6</sup>

TIME SPENT PER DAY WATCHING TV HAS DECREASED BY OVER 30 MINUTES, WHILE **TIME SPENT ON MOBILE HAS INCREASED BY 98 MINUTES.**

PERCENT OF TIME SPENT IN MEDIA VS. PERCENT OF AD SPEND  
U.S. 2015



% OF TOTAL MEDIA CONSUMPTION TIME OR ADVERTISING SPENDING

TIME SPEND AD SPEND

Source: KCPB

# MOBILE: AN ADVERTISER'S ATTRIBUTION ANSWER

India is also at the center of this opportunity. In 2016, 26% of total digital ad spending will be allocated to mobile. By 2017, this will rise to 35%. By 2020, mobile ad spend will make up 50% of all digital ad spending.<sup>7</sup>

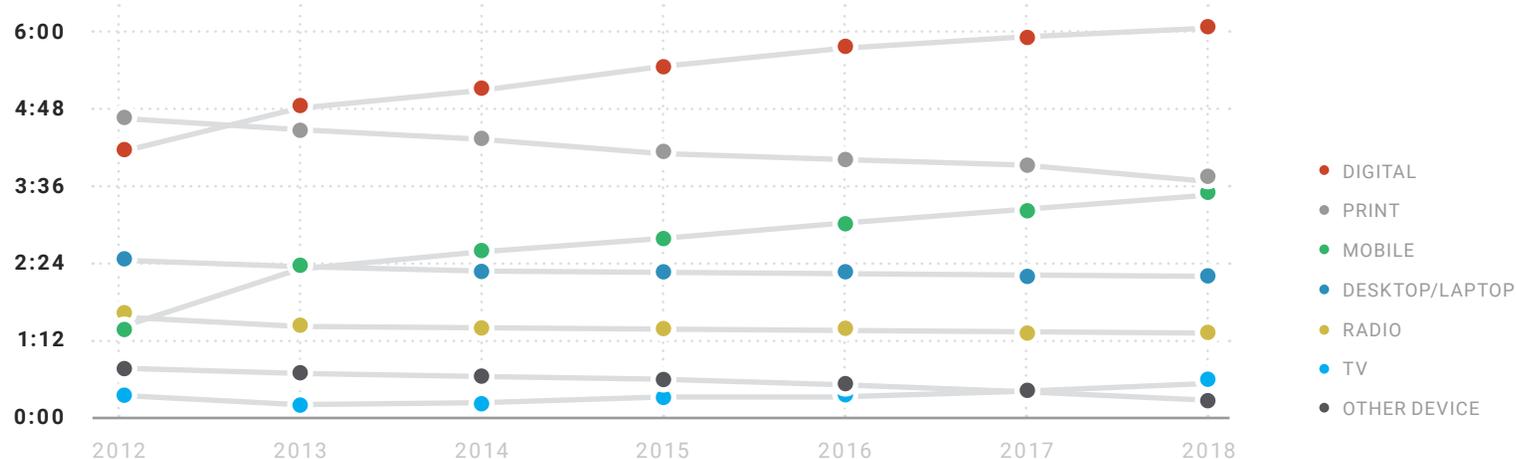
As the desire for trustworthy advertising attribution grows, mobile advertisers are shifting their spend to digital—a platform that is easier to measure than traditional media. Digital media allows advertisers to track views, clicks, interactions, and subsequent actions, such as creating an account. This enables advertisers to effectively compare the performance of individual digital publishers such as Facebook versus eBay.

Additionally, advancements in programmatic, audience data management platforms, and viewability allow for more detailed metrics and refined targeting. Even with promotional codes or isolating spend by channel for certain time periods, it is difficult for advertisers to attribute a TV commercial to an app download or a billboard to a purchase. Digital media tools provide advertisers with quick access to audience and performance data, which allows them to easily optimize strategies and campaigns in real time.

BY 2020,  
**MOBILE AD SPEND**  
WILL MAKE UP **50%**  
OF ALL DIGITAL  
AD SPENDING.

## AVERAGE TIME SPENT PER DAY WITH MAJOR MEDIA

U.S. ADULTS, 2012–2018



Source: eMarketer



TREND #2

# MORE SMARTPHONE USERS, DIFFERENT USER HABITS

# AFFORDABLE DEVICES DRIVE SMARTPHONE ADOPTION

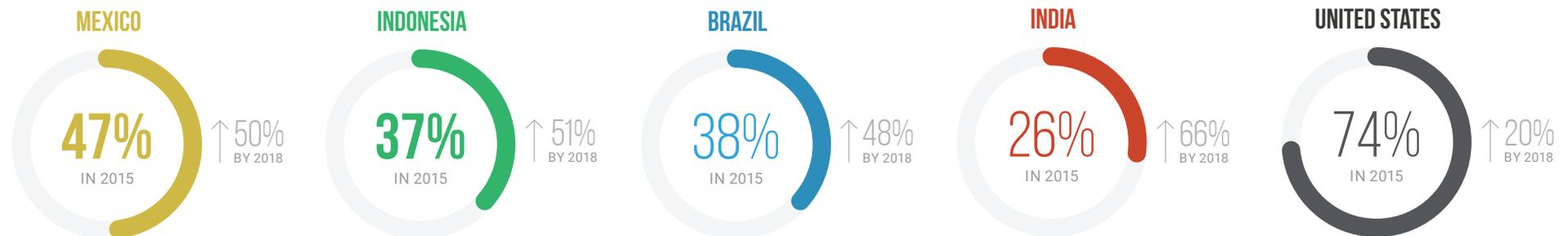
Just as every country is unique, so are the smartphone users who live there. Smartphones are ubiquitous in the U.S. In 2015, 74% of mobile phone users got online with a smartphone. This is a stark contrast compared to emerging markets like India, Brazil, Indonesia, and Mexico, where less than half of all mobile devices owned are smartphones. However, this is quickly changing. While smartphone market share will increase by 20% in the U.S. by 2018, India's smartphone market share will increase by nearly 70%.

As a result of the diversity of smartphone brands that run on the Android OS and the range of device prices, Android has become the leading operating system globally, with 88% market share.<sup>8</sup> The global average price of an Android device has dropped by more than half since 2010, from \$441 to \$215. Meanwhile, the price of an Apple iPhone has stayed relatively stagnant over the same period of time, decreasing by \$11 to \$691 today.<sup>9</sup> The increase in smartphone adoption in emerging markets is driven in large part by the availability and affordability of Android devices.

How people in each country ultimately use their device is unique. For instance, in Indonesia, users often deal with reduced battery life. The global average phone battery life is 21.7 hours, yet Indonesians get only 12.8 hours.<sup>10</sup> Perhaps it is the country's weak mobile broadband infrastructure or their love of messaging apps for constant communication that leads to reduced battery life. 92% of smartphone users in Indonesia use social apps like Facebook or Facebook Messenger daily, with 98% of these social users communicating via messaging apps daily.

IN INDIA, BRAZIL,  
INDONESIA, AND  
MEXICO, ABOUT  
**HALF OF ALL  
MOBILE DEVICES  
OWNED ARE  
SMARTPHONES.**

## PERCENT OF MOBILE PHONE USERS ON SMARTPHONES AND PERCENT GROWTH IN SMARTPHONE USERS BY 2018



# TOP TEN USED APPS (DAU) BY COUNTRY



The favorite apps among users in each country also represent how different—and sometimes similar—these users are from one another.

## INDONESIA

APP	CATEGORY
1 YouTube	Media & Video
2 Google	Tools
3 BBM	Chat
4 Google Maps	Travel & Local
5 WhatsApp	Chat
6 LINE	Chat
7 Gmail	Chat
8 Instagram	Social
9 Facebook	Social
10 Chrome	Communication

## BRAZIL

APP	CATEGORY
1 YouTube	Media & Video
2 WhatsApp	Chat
3 Google	Tools
4 Facebook	Social
5 Facebook Messenger	Chat
6 Chrome	Communication
7 Google Maps	Travel & Local
8 Hangouts	Chat
9 Gmail	Chat
10 Google+	Social

## INDIA

APP	CATEGORY
1 WhatsApp	Chat
2 YouTube	Media & Video
3 Google	Tools
4 Gmail	Chat
5 SHAREit	Tools
6 UC Browser	Communication
7 Google Maps	Travel & Local
8 MX Player	Media & Video
9 Facebook	Social
10 Facebook Messenger	Chat

## MEXICO

APP	CATEGORY
1 YouTube	Media & Video
2 WhatsApp	Chat
3 Google	Tools
4 Facebook	Social
5 Facebook Messenger	Chat
6 Google Maps	Travel & Local
7 Chrome	Communication
8 Hangouts	Chat
9 Gmail	Chat
10 Google+	Social

Source: Analysis based on a sampling of mCent users September 2016, Google Play Services excluded

# INSIGHTS



In all of the countries besides India, apps that are either the social or messaging category make up 70% of the top 10. In India, they represent 50% of the top 10.



When we look at the top 10, user habits in Mexico and Brazil are similar, with the slight exception of Chrome and Google Maps in the rankings. However, when we look beyond the top 10, Brazilian users use more local apps like Palco and OLX.



While users in Brazil, Indonesia, and Mexico prefer the Chrome browser, users in India prefer UC Browser. This lightweight browser app can filter up to 80% of mobile traffic, which is important for the data-conscious users in India.<sup>11</sup>



Indian users are into video. It is the only country with two video apps, YouTube and MX Player, in the top 10.

# VIDEO ADVERTISING CAPTURES ATTENTION IN EMERGING MARKETS

Over the next five years, mobile video is expected to represent 70% of all mobile data traffic around the world.<sup>12</sup> Video is also becoming increasingly prevalent in emerging markets. In a 2014 study of users in India, Southeast Asia, Middle East, and Africa, 67% of people prefer their mobile device as their primary video platform.<sup>13</sup> In some of these markets, the mobile video advertising growth rate has reached triple digits<sup>14</sup> and app developers are taking advantage. In September, YouTube launched YouTube Go, which allows users in India to save videos for offline viewing.

It is not a surprise why YouTube created a new app for one market. YouTube is consistently among the top five apps as measured by daily active users in India and has 1.5x more daily active users than the next top-used video app, MX Player. At the same time, YouTube also understands how conscious their Indian users about how much data streaming videos can consume and how relatively expensive that data is.

Facebook is another brand that has fully embraced video advertising. The company has more than four billion video views daily,<sup>15</sup> thanks in large part to their auto-play feature. Yet, low bandwidth makes viewing videos cumbersome for users in countries where Internet connections are slow. Their new lightweight video product Slideshow allows advertisers to combine photos to create a video advertisement that is lighter in size and performs across many different types of devices.

## MOBILE VIDEO ADS

GROWTH RATES IN EMERGING MARKETS

COUNTRY NAME	GROWTH RATE
<b>Southeast Asia</b>	122%
<b>Argentina</b>	92%
<b>India</b>	80%
<b>Brazil</b>	76%
<b>Russia</b>	62%

## TOP FIVE USED APPS (DAU)

### INDONESIA

APP	CATEGORY
<b>1 YouTube</b>	Media & Video
<b>2 Google</b>	Tools
<b>3 BBM</b>	Chat
<b>4 Google Maps</b>	Travel & Local
<b>5 WhatsApp</b>	Chat

### BRAZIL

APP	CATEGORY
<b>1 YouTube</b>	Media & Video
<b>2 WhatsApp</b>	Chat
<b>3 Google</b>	Tools
<b>4 Facebook</b>	Social
<b>5 Facebook Messenger</b>	Chat

### INDIA

APP	CATEGORY
<b>1 WhatsApp</b>	Chat
<b>2 YouTube</b>	Media & Video
<b>3 Google</b>	Tools
<b>4 Gmail</b>	Chat
<b>5 SHAREit</b>	Tools

### MEXICO

APP	CATEGORY
<b>1 YouTube</b>	Media & Video
<b>2 WhatsApp</b>	Chat
<b>3 Google</b>	Tools
<b>4 Facebook</b>	Social
<b>5 Facebook Messenger</b>	Chat

Source: Analysis based on a sampling of mCent users September 2016, Google Play Services excluded

TREND #3

# THE MARKET IS NOT THE ONLY CHALLENGE



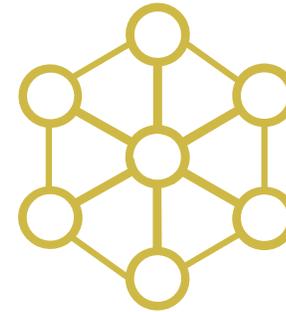
# AD-BLOCKERS AND UNRELIABLE NETWORKS

Just as app developers must understand that their strategy for developed markets may not work in emerging markets, so do mobile advertisers. With opportunity comes challenges, and advertisers should understand the unique characteristics of these markets and adjust in smart ways to either mitigate or capitalize on those challenges.



## AD BLOCKING

22% of the world's smartphone users are blocking advertising on their device while browsing the Internet, a 90% annual increase.<sup>16</sup> This problem is not unique to the West. Data-conscious users in Asia-Pacific countries are turning to ad blockers to reduce the load time of web pages that are slowed down by large advertisements. Almost two-thirds of smartphone users in India and Indonesia use ad blocking browsers.<sup>17</sup>

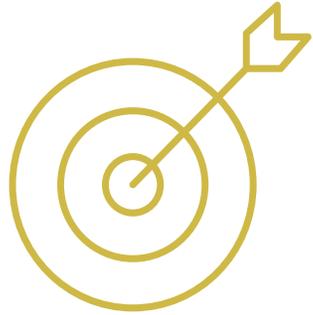


## COVERAGE AND RELIABILITY

The U.S. is among the top 10 countries in the world by mobile coverage,<sup>18</sup> and 4G availability is at 81%.<sup>19</sup> In India and Indonesia, coverage is much lower, and there is an urban and rural digital infrastructure divide. In India, 3G and 4G penetration is less than 5%.<sup>20</sup> Even when 4G is available, it can be extremely slow. 4G speed in India is 6.4 Mbps—the third-slowest 4G network in the world—and 4G speed in Indonesia is not much higher, at 8.8 Mbps.<sup>21</sup>

4G SPEED IN INDIA IS **6.4 MBPS**—  
THE THIRD-SLOWEST 4G NETWORK  
IN THE WORLD.

# MOBILE-ONLY USERS AND ILLEGAL DEVICES



## TRACKING

In emerging markets, one smartphone SIM does not always equate to one person. In Indonesia, there are 254 million people and 318 million mobile connections.<sup>22</sup> In 2013 there were 70 million mobile phones in use in Indonesia without IMEI numbers—the identification number for devices.<sup>23</sup> All of these factors create complicated tracking and attribution for advertisers. Viewability—a metric that aims to track only impressions that can actually be seen by users—is also a concern for advertisers in these countries.

**CONSIDER THE SIZE OF YOUR ADS,**  
SINCE A LARGE AD UNIT WILL LOAD  
SLOWER ON OLDER DEVICES AND  
INSUFFICIENT NETWORKS.



## MOBILE ONLY, NOT JUST MOBILE-FIRST

For a majority of users in emerging markets, the smartphone was their first Internet connection. 71% of all Internet traffic in India is driven by mobile, compared to 29% on desktops—the opposite of the U.S., where only 30% of Internet traffic is driven by mobile.<sup>24</sup> The emerging market mobile Internet revolution is not slowing down. By 2020, emerging markets will have more than 2.5 billion smartphone users, and the demand for mobile data will increase nearly 10x.<sup>25</sup>



# IN CONCLUSION

# HOW ADVERTISERS CAN SUCCEED IN EMERGING MARKETS

Despite their unique characteristics and challenges, emerging market countries offer a wealth of opportunity for advertisers now, and in the years to come. To be successful, you must think about these markets differently and adjust your strategies accordingly. Here are three actions you can take:



## UNDERSTAND YOUR CURRENT AND FUTURE AUDIENCE

Understand your audience. It is one of the oldest rules of advertising. Many advertisers use data management platforms (DMP's) to generate audience segments in order to target users with appropriate ads. While it is important to take time to research who your target audience is, their demographics, and what interests them, it is just as vital that you understand who your future audience will be. For instance, most mobile video consumers in India are young and urban men. Yet, female video viewership is increasing in non-metro parts of the country at a rate of three to one over their male counterparts.<sup>26</sup>



## BUILD TRUST THROUGH WORD OF MOUTH AND INTENTIONAL TARGETING

According to our survey of 1,650 mCent users across 10 emerging market countries, the number one reason that someone downloads an app is because they heard about it through a friend. This trust is often enabled by the close proximity between people and their friends and family. Since brand trust hinges on the community, one way to build brand awareness in emerging markets is to advertise through local channels in targeted areas. This creates an understanding of your brand at the moment before consideration, in a language and context they understand and trust.



## TRANSLATIONS AND LOCALIZATION STILL MATTER

Advertisers must understand the language and cultural nuances of each country in order to run successful campaigns that will resonate. Many emerging market countries have more than one language. For instance, there are more than 22 official languages in India and 300 in Indonesia. Pick the language that is accepted as the formal, official language of business. Also, social media advertising should also adjust by country. German social media users are much more concerned about privacy on social media versus other countries, like Brazil, so successful social media advertising content must be more professional and serious in nature. In Brazil, 92% of Internet users are connected to social media,<sup>27</sup> so a more friendly tone is welcomed.

For people in emerging markets, the smartphone is their first and primary gateway to the Internet. As these new users rapidly get online, the mobile advertising market is quickly following. In the next four years, mobile ad spend in India will grow to represent 50% of all digital ad spending in the country—a \$1.2B opportunity.<sup>28</sup> However, the same tactics that worked for developed markets will not be as successful in emerging market countries. Mobile advertisers must take care to understand each country's unique current and future audiences, think intentionally about their targeting, and create localized advertisements, to have a chance at capturing the attention of over one billion consumers. The economic future of emerging markets is too significant to ignore. By 2025, annual consumption in emerging markets will reach \$30T and will account for 50% of the world's total.<sup>29</sup> Now is the time for mobile advertisers to think outside the developed market box and focus on the future of mobile advertising—emerging markets.

J A N A

## ABOUT JANA

Jana's mission is to make the internet free for the next billion. Jana enables mobile connectivity in emerging markets by leveraging advertising to offset high data costs. We unlock access to, and for, the next billion users.

Our team works with [advertisers](#) and app developers to create mobile advertising campaigns that help them achieve their business objectives in emerging markets. Our partnerships with 99% of mobile operators in these rising markets allow us to reach millions of smartphone users.

To learn more, visit [jana.com](http://jana.com).

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