

# Mobile Programmatic in Asia-Pacific: The Time is Now

July 2016

# Introduction

Mobile programmatic advertising has been relatively slow to develop in the Asia-Pacific (APAC) region — especially compared to the United States, where more than \$14.8B mobile ad dollars are expected to be transacted programmatically this year. Many of us focused on mobile marketing in the APAC region have been excitedly awaiting mobile programmatic to really take off and become a significant part of the digital advertising landscape. The good news: the wait is about to be over.

We've seen significant growth in both supply and demand in APAC over the past year on the MoPub Marketplace, our mobile programmatic exchange, and mobile programmatic is becoming a part of more and more advertising conversations in this part of the world. In a sense, mobile programmatic has become Asia-Pacific's worst kept secret — and that's a good thing. It's where ad dollars are moving, and the time to embrace it is now for those who want to get ahead of the curve on both the buy-side and the sell-side. Here, we take a look at the trends we saw in the past year and as we've moved into 2016.

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**We believe programmatic is the most efficient way to reach mobile audiences in Asia. We're based in Japan, and are able to work programmatically with over half of the 50 top grossing Japanese apps there; we also have a presence in markets across Asia including South Korea, China, Taiwan, and also North America. We expect to see continued programmatic growth in these regions.**

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**Issei Tanake, Director of International Operations, Dynalyst**

# Rapid growth

+73%

Increase in impressions

+152%

Increase in number of auctions

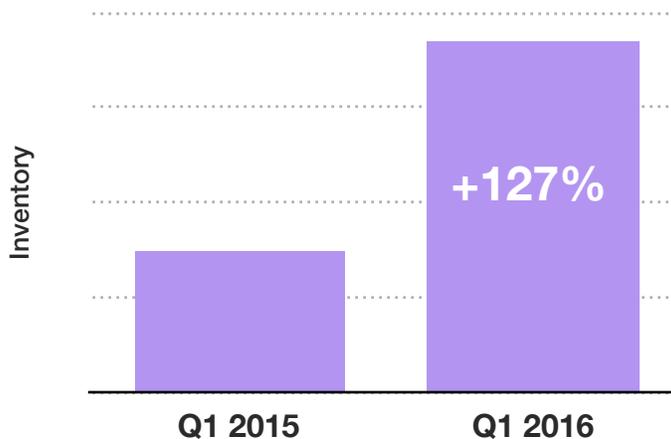
Things are changing quickly. In just one year, we saw a 73% increase in impressions and a 152% increase in the number of auctions on MoPub Marketplace in APAC.<sup>1</sup>

As we've moved into 2016, we've seen that growth continue. Year-over year, we saw both end-user available inventory and in-region ad spend more than double.

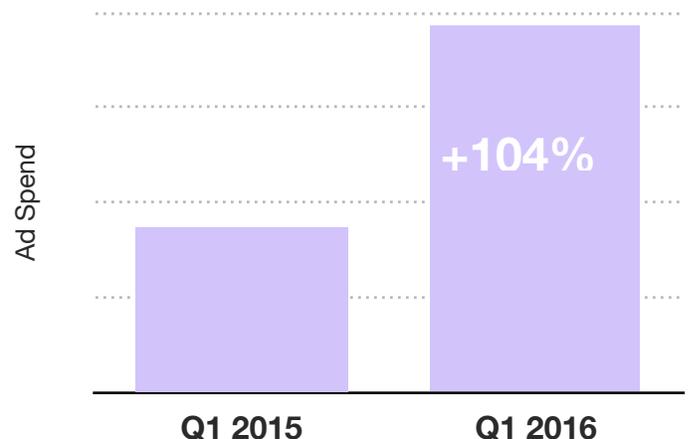
## That growth was concentrated to a handful of countries

MoPub served impressions in 59 APAC countries last year, but 92% of publisher revenue came from just 10 countries — and four of those countries showed triple digit growth.

**APAC inventory, Q1 2016 vs. Q1 2015**

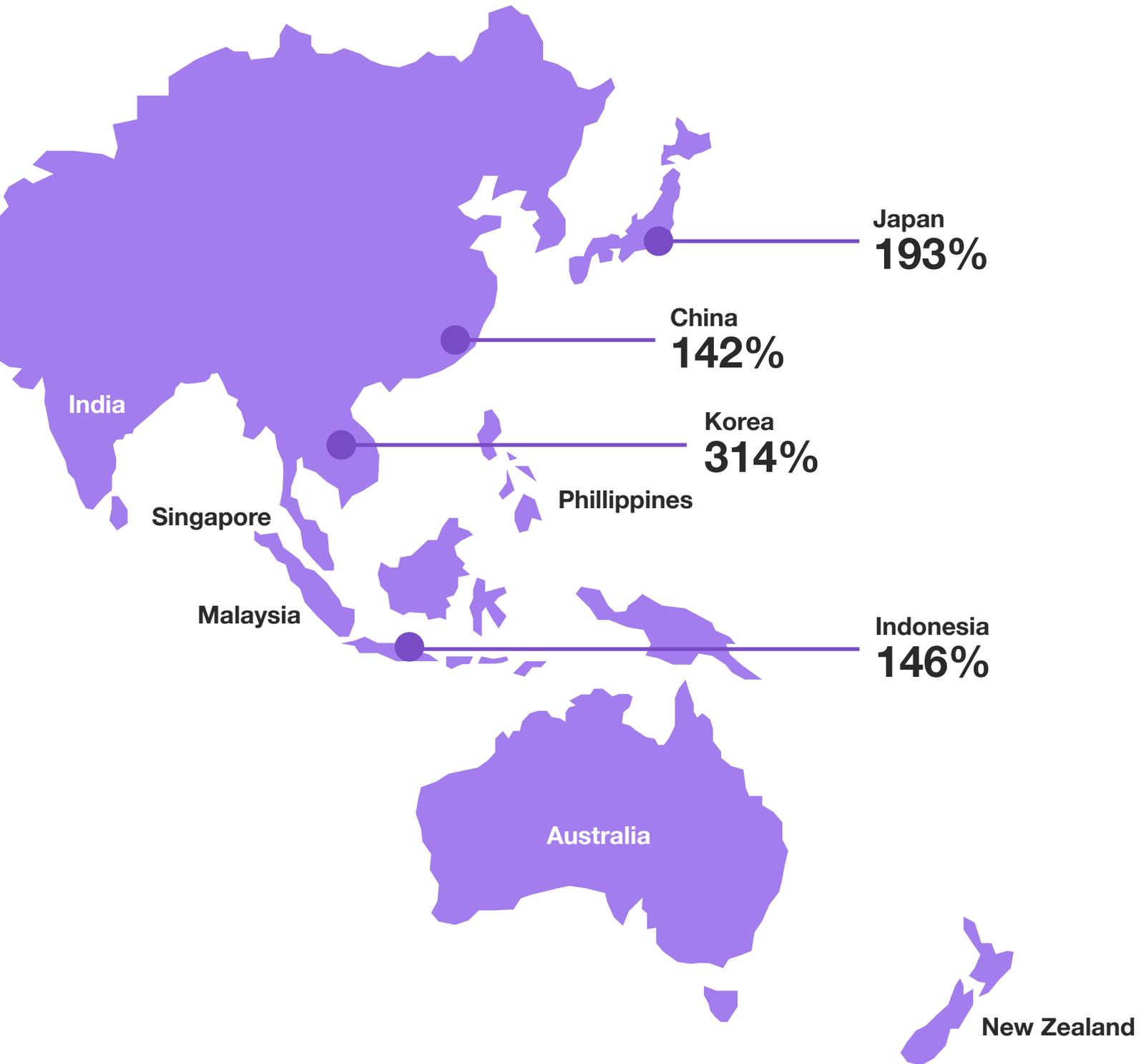


**APAC ad spend Q1 2016 vs. Q1 2015**



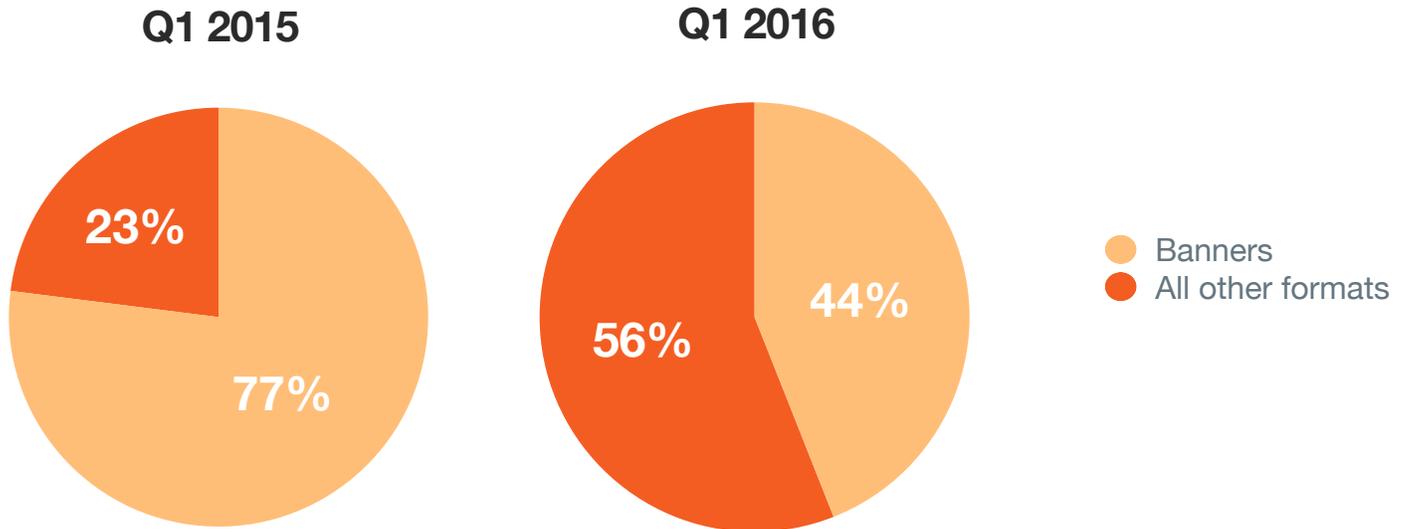
<sup>1</sup> December 2014 vs. December 2015, data from MoPub Marketplace

# Year over year APAC supply growth by format Q4 2014 vs. Q4 2015



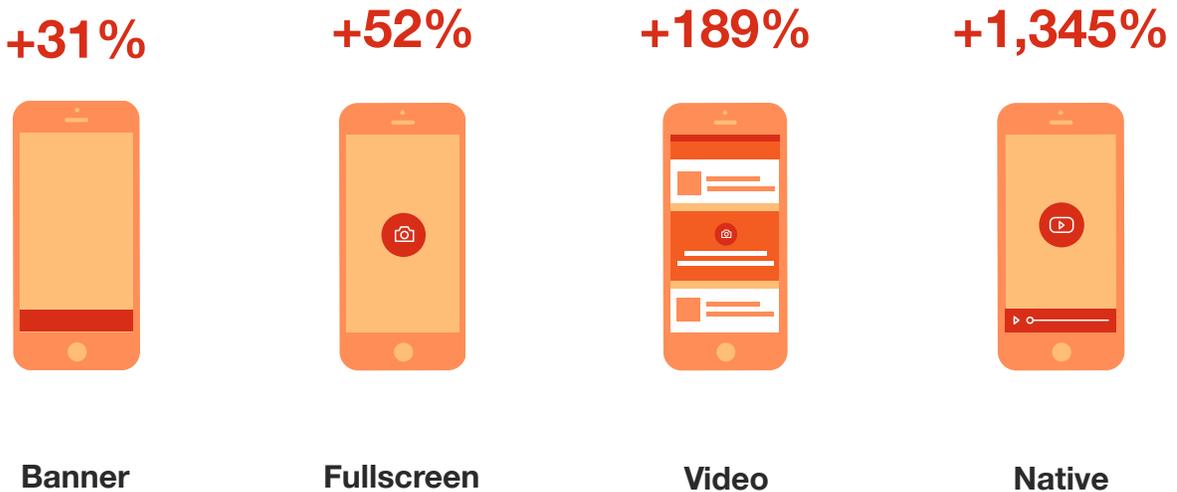
# Supply: growing, but fragmented

Newer, innovative ad formats are seeing major supply growth in APAC. In Q1 2015, banners made up 77% of all APAC supply on MoPub Marketplace. By Q1 of this year, that number had dropped to just 44%.



Meanwhile, newer mobile formats like video and native surged in supply.

## Year over year APAC supply growth by format Q4 2015 vs. Q4 2016

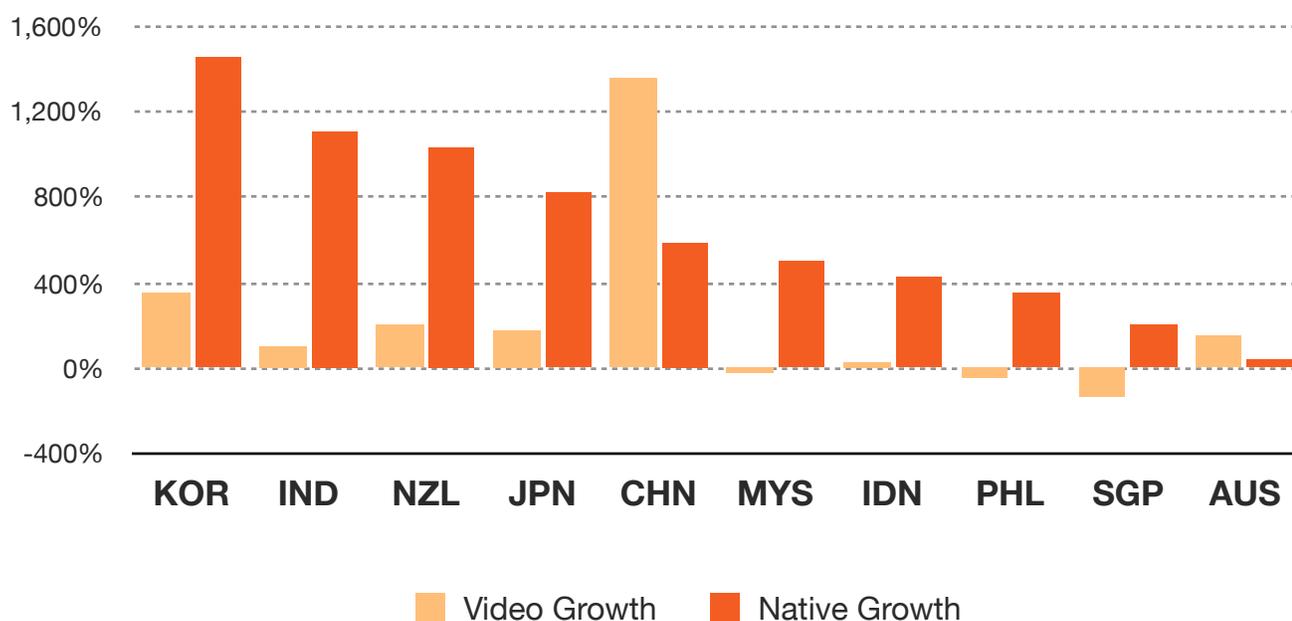


## mREC

The 300x250 “medium rectangle” ad format on mobile is a carry-over from the desktop advertising world, where it often appears in the right rail of websites; it doesn’t see as much traction on mobile in the U.S. these days. Yet we saw it grow 450% in terms of revenue in APAC last year. Why? As mobile advertising catches up in popularity in this region, many publishers and advertisers in APAC may still be in the desktop-first mindset and translating desktop assets to mobile. In addition, the MREC format can be made to look similar to an interstitial (if the areas above and below it are grayed out) or a native ad (depending where it’s placed in relation to content). In this case, the versatility of MREC may help improve fill rates, compared to newer formats like native for which demand may be lower. As the APAC region goes through its own growth curve, it will be interesting to keep an eye on the fate of older formats like MREC and compare their trajectory to what we’ve seen in the U.S.

## Fragmented growth for premium formats.

Premium ad formats — video and native ads — saw serious growth overall in the region, but that growth varied substantially from country to country. Korea, Indonesia, India, and New Zealand saw the largest growth in native; China was the only country in which video grew faster than native (and video growth was huge there); and Singapore, Malaysia, and the Philippines actually saw negative video growth.



These variations from country to country are a good reminder that the APAC region is not monolithic. It’s exceptionally diverse, and what resonates in one market may fall flat in another. This may in part be due to the wide variety of different languages spoken in the region. An app with a Japanese-language user interface, for example, may be a top app in Japan but have very few users outside of Japan. This variance in adoption between countries is quite different from what we tend to see in the North American or EMEA markets, so it’s important to keep in mind. Successful buyers need to go market-by-market in APAC and create different strategies for each.

# The demand side is finding value

Increasing mobile programmatic demand across APAC is driving an increase in publisher revenue. From the end of 2014 to the end of 2015, we saw a 20% increase in the number of DSPs buying programmatically in APAC on MoPub Marketplace, while demand for premium formats increased even more dramatically. That increased demand is certainly a good thing for publishers: APAC publisher revenue increased by 75% from Q4 2014 to Q4 2015.

# 20%

increase in DSPs buying in APAC



# 130%

increase in DSPs buying video ads

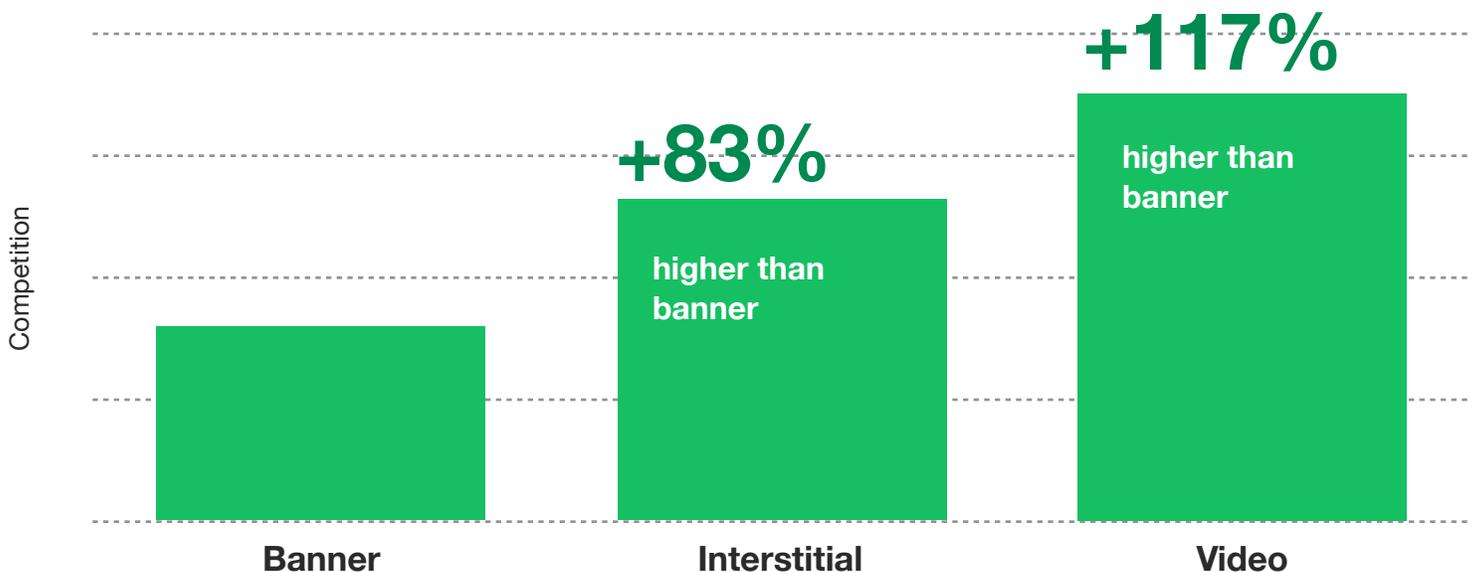


# 477%

increase in DSPs buying native ads

As we moved into 2016, we saw these trends continue. APAC demand is strongest for higher impact ad formats like fullscreen and video, compared to banner ads.

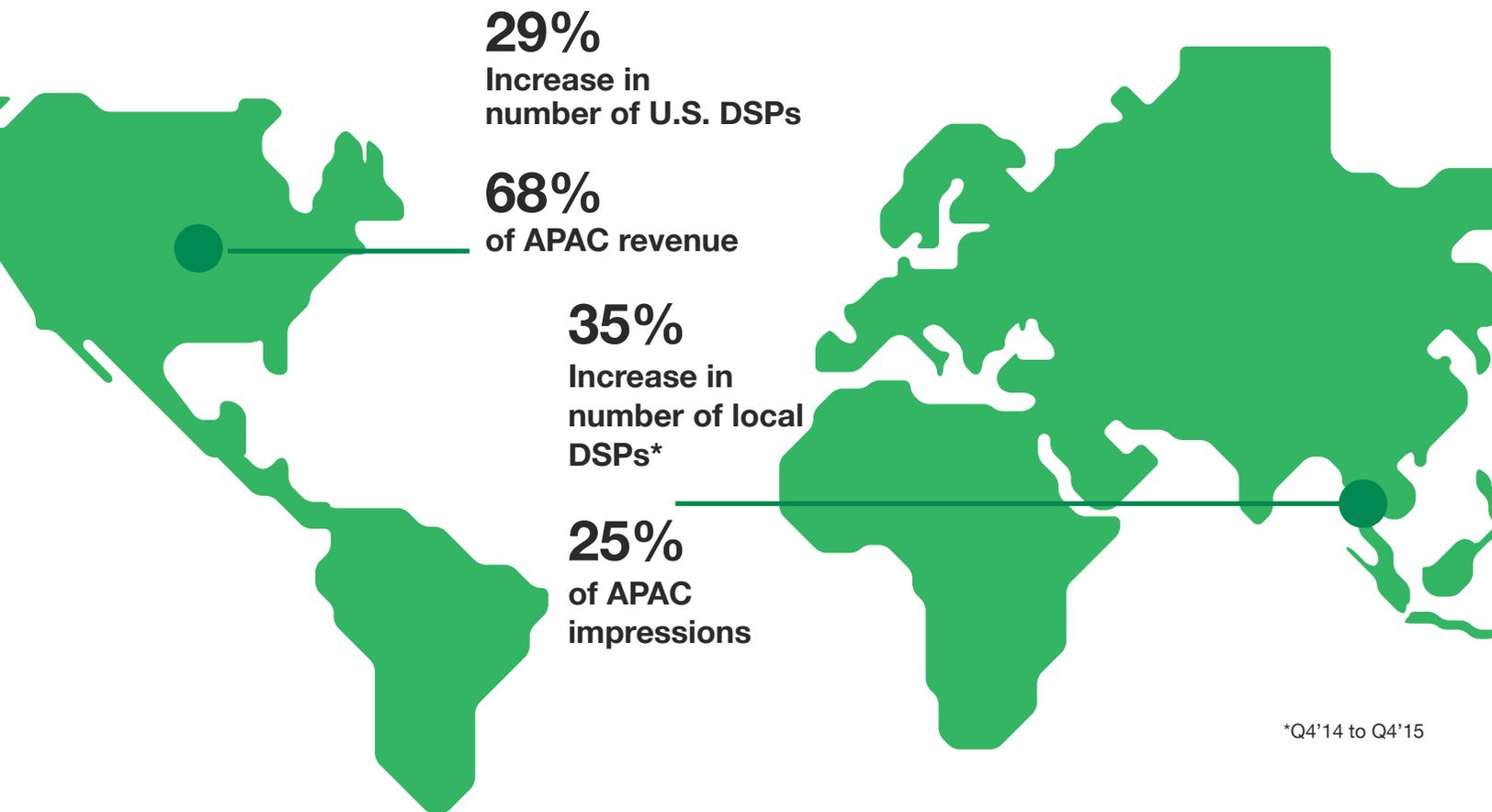
## Competition by ad format in APAC, Q1 2016



## Local vs. global demand

Demand from both local (APAC-based) and global players is growing.

The number of local APAC DSPs buying on MoPub Marketplace increased 35% from Q4 2014 to Q4 2015. (For this report, we define “local” APAC DSPs as those with more than 50% of their spend in APAC.) In 2015, those local APAC DSPs were responsible for buying 25% of all APAC impressions on MoPub Marketplace.



Meanwhile, DSPs with a primary presence in the U.S. are also increasing their spend on APAC inventory. The number of these U.S. DSPs who spent at least 5% in the APAC market through MoPub Marketplace increased by nearly 30% from 2014 to 2015. And those U.S. DSPs are bringing spend: they were responsible for 68% of revenue in APAC last year. This represents a huge opportunity for regional DSPs to grab a larger share.

# What's next?

The APAC region offers a huge opportunity for both advertisers and publishers who are prepared to take advantage of mobile programmatic opportunities. With mobile programmatic showing strong growth, there's a lot of value to be derived on the demand side by tapping into the rapidly growing supply early when there is less competition. At the same time, publishers who use this time to understand mobile programmatic and integrate the ad formats that will be most effective for their particular app and user base will be poised for success as demand for their inventory increases. We look forward to the next phase of growth in this region and are excited to work with both publishers and demand partners to capitalize on this opportunity.

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**We have witnessed the significant growth of programmatic advertising on mobile in China since 2015. Around 40% of spending on our DSP platform is already mobile. The variety of ad formats on mobile and sources of inventory are all progressing very fast. It is an exciting opportunity for any foreign brands to reach one of world's largest market on mobile through programmatic platform.**

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**Grace Huang, CEO and Founder, IPINYOU**

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