comScore

The State of Mobile

US Mobile Media Landscape and Trends

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June 8 2010

Agenda

- comScore Mobile Data
- Macro Mobile Media Trends
- Shifting Mobile Media Landscape
- Smartphones & Device Trends
- Summing Up

comScore Mobile Data

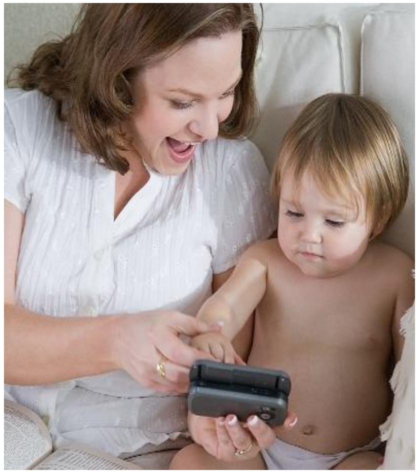
comScore Mobile Data

- **Complexity and fragmentation of mobile market requires an array of data sources and methodologies for a 360° view**

MobiLens
Market Tracking via Intelligent Online Survey

Network Census
Carrier Log Analysis GSMA MMM

Site + App Census
Mobile Web, App AdNet Tagging



Mobile Metrix
Smartphone Meter Panel

Ad Metrix Mobile
Plan Metrix Mobile
Mobile Ad Tracking and Planning Tools

MobiLens' comprehensive suite of measures

MobiLens Database

Demographics

Age, Gender, Income, Education, Employment, Household Composition, more

Subscription and Operator Information

Current and Previous Operator, Length of Ownership, Length of Subscription, Monthly Plan, Bill Size, Data Plan Status, Satisfaction, more

Messaging

Chat, Personal Email, Work Email, Instant Messaging, Photo Messaging, more

Games

Played Games, Type of Games Played, Number Downloaded, Number Purchased, Subgenres, Method of Discovery, Method of Purchase, more

Personalization

Changed or Made Own Ringtones/Graphics, Purchased Ringtones/Graphics, Quantity, Ringback Subscriptions, more

Music & Video

Sideloaded Music, Downloaded Music from Operator, Source of Downloaded Music, Watched Broadcast TV, Watched On-Demand Video

Social Media + UCG

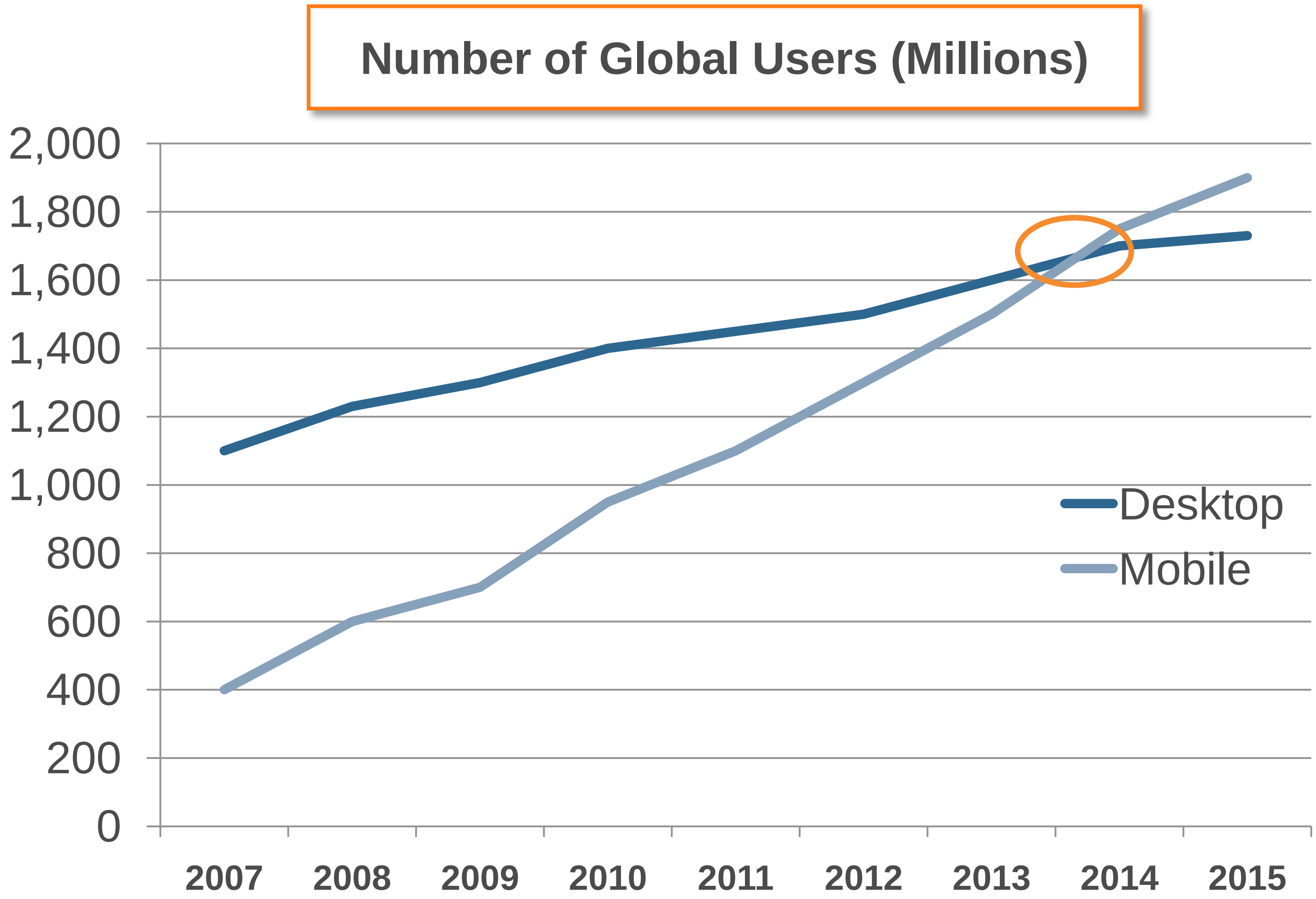
Accessed Social Network, Sent Photos to Phone, Sent Photos to Website, Captured Video, Sent Video to Phone, more

Content Access Methods

Category, Sub-category and Brand Access via Mobile Browser, Downloaded Application, or SMS

Macro Mobile Media Trends

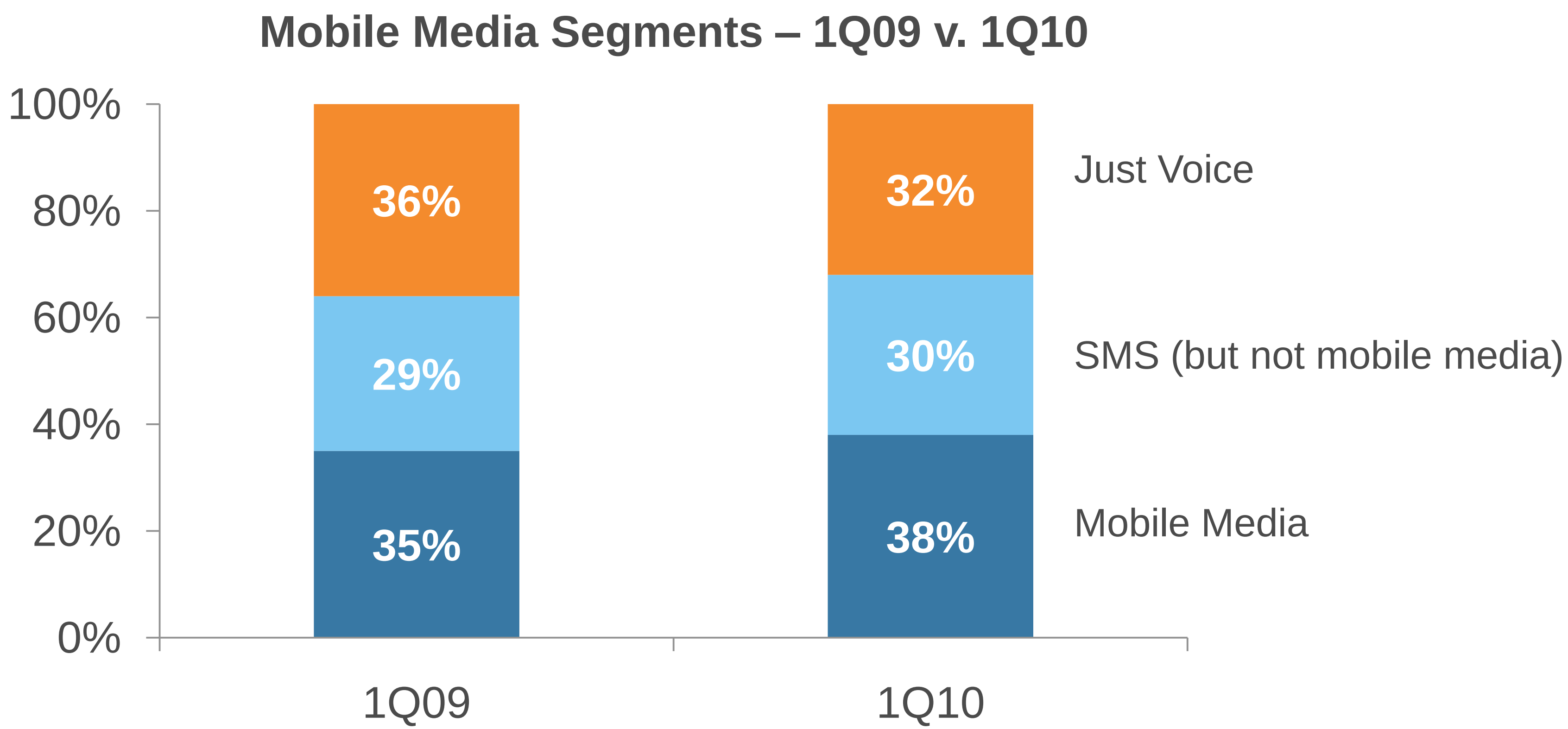
Mobile On Track to Eclipse the Desktop



Source: Morgan Stanley Research

38% of Mobile Phone Owners Browse the Mobile Internet, Use Applications or Download Content (Mobile Media Users)

- The number of people who are just using voice has declined 11% year on year.
- Mobile media users account for 31% of EU5 mobile phone owners



Mobile Media = Connected Media (except SMS only) in MobiLens

Product: MobiLens

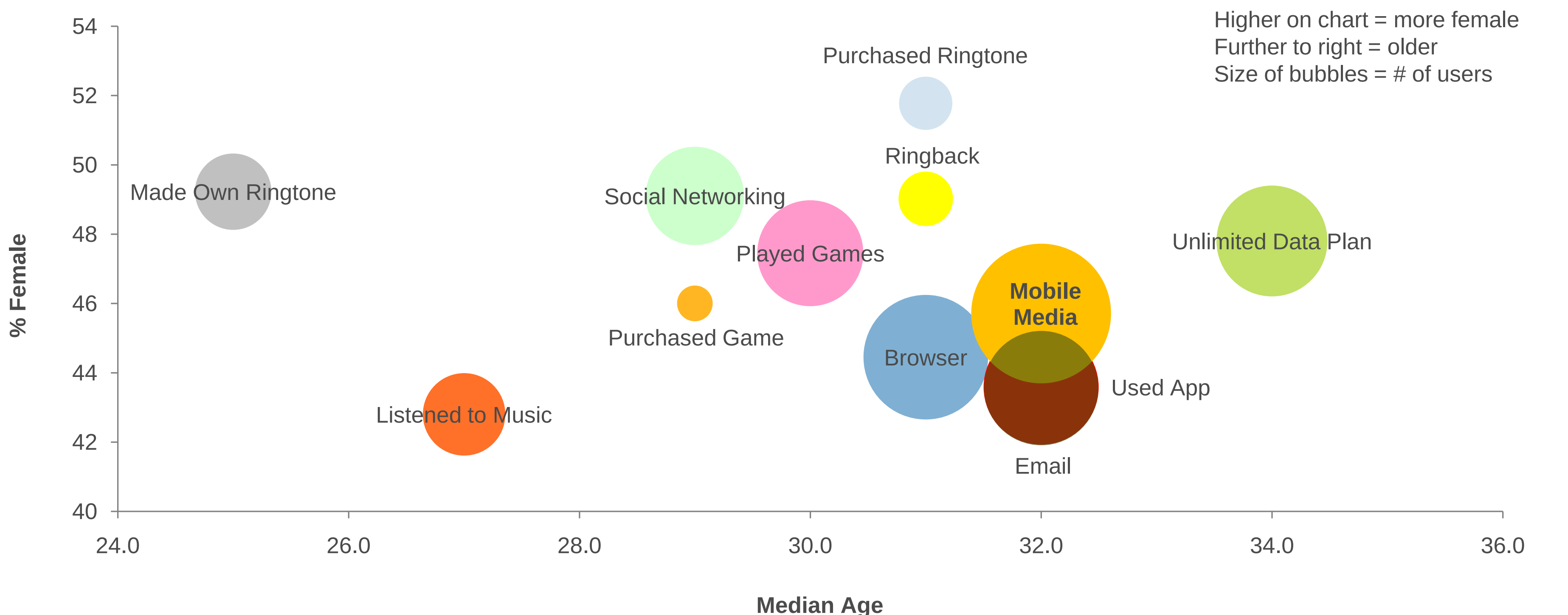
Data: Three month average ending March 2010

Country: US – N=30,740

Mobile Media—It's Not Just "The Kids" Who Are Doing It

- Average mobile media user is 32 and 46% are female.
- Younger demographics create their own ringtones, use social networking services and listen to music (web 2.0 type services).
- Mobile internet services (browsing, apps and e-mail) skew 55-60% male.

Demographics of Mobile Media Activities



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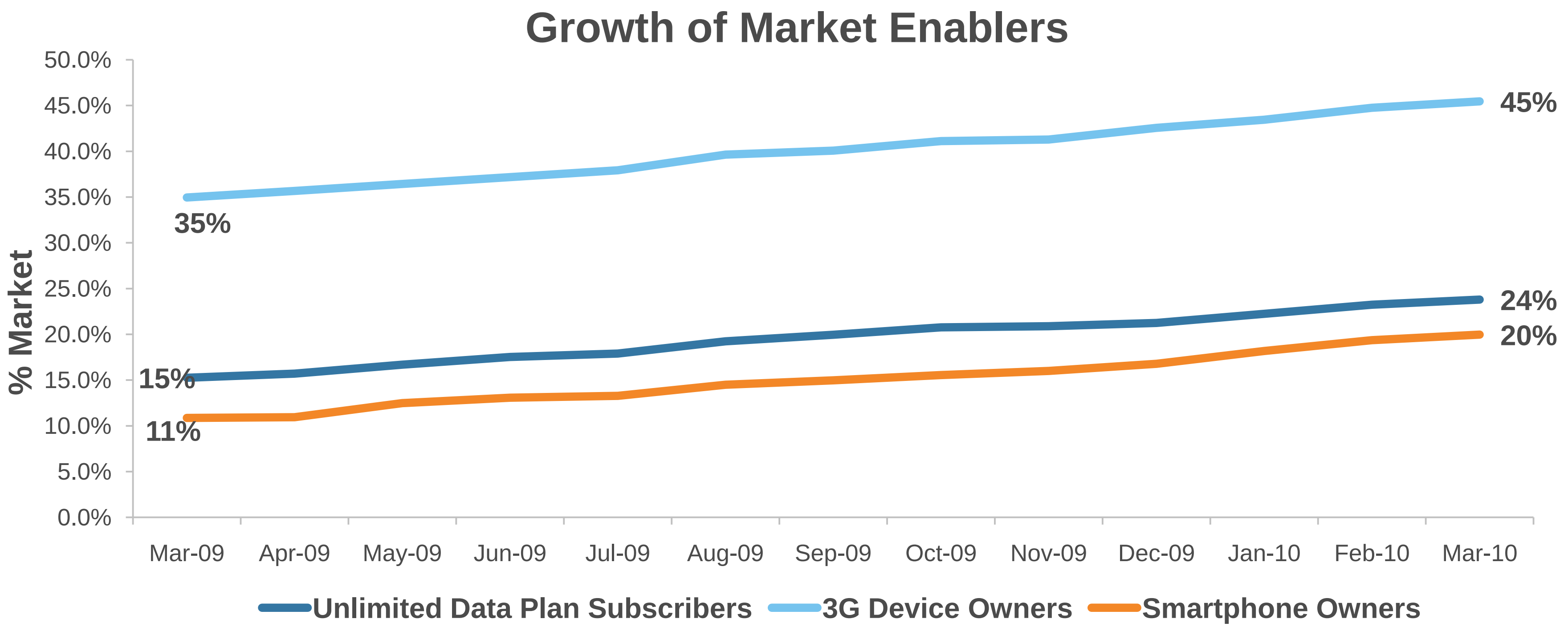
Growth of the Key Market Enablers Continues

- Two key enablers (smartphones and 3G devices) are now firmly entrenched in the market.
- Smartphone owners rise 85% year on year.
- Unlimited data plan subscribers, grew 57% year on year to 24% penetration.



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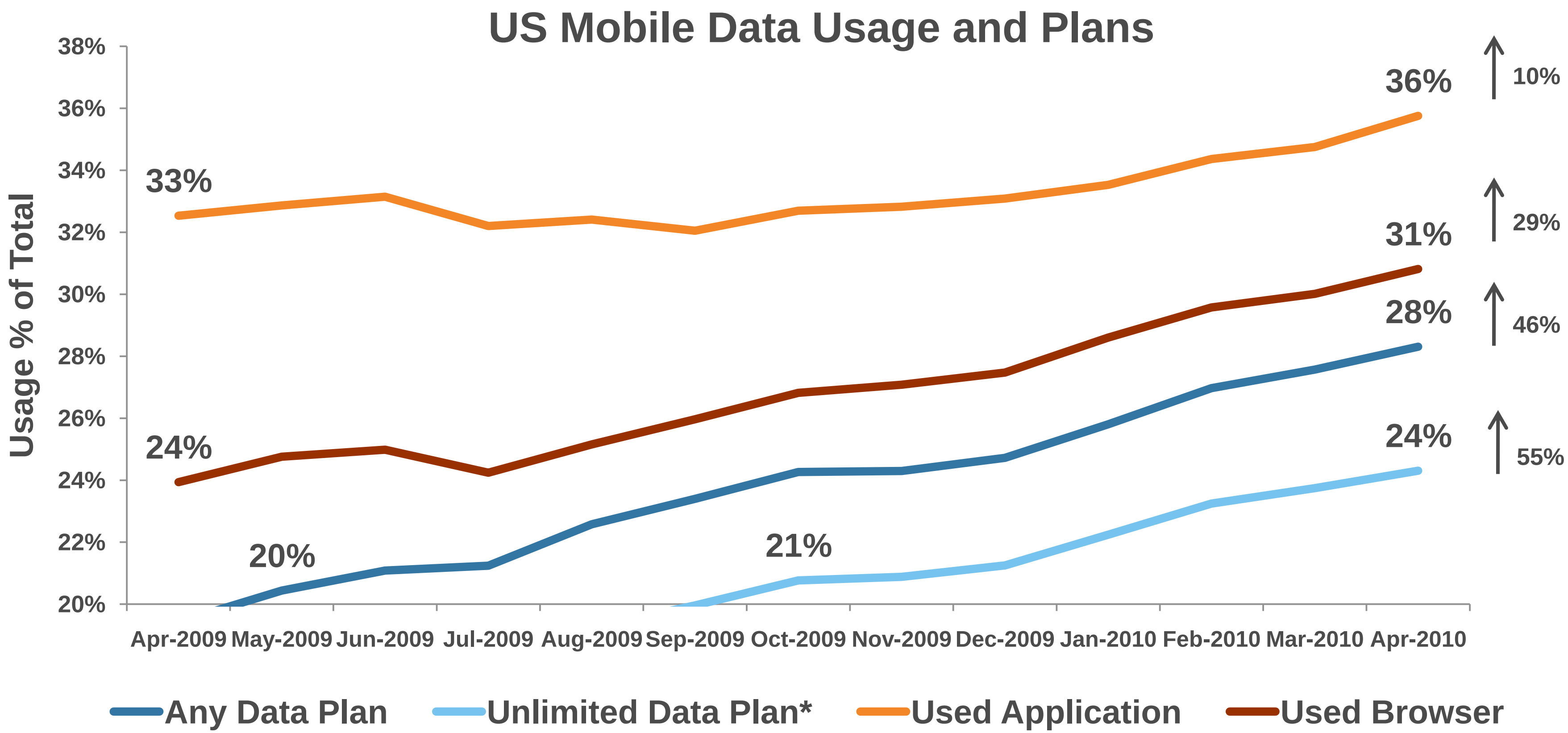
Browser + App Growth Tracks with Rise in Unlimited Data

- **AT&T 's elimination of unlimited data plans could be barrier to new mobile media adopters but is unlikely to impact current users who are hooked on ubiquitous data access**

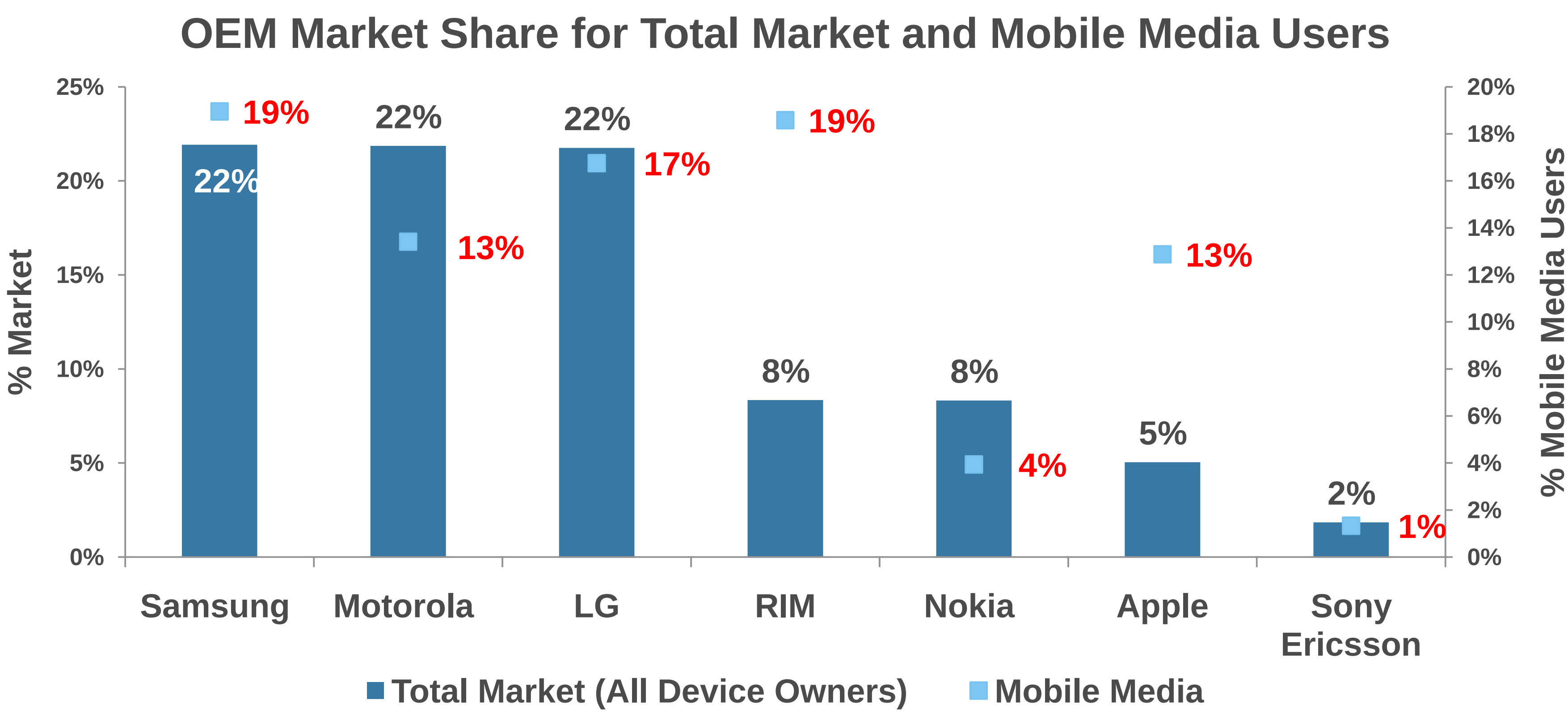


comScore MobilLens 3 Month Avg ending April 2010

*comScore began capturing unlimited data plan usage with Sept 2009 data

Samsung, Motorola and LG Leads in Mobile Market Share

- But RIM and Apple have outsized share of mobile media users



- * Total device owners market share in **bold**, mobile media market share numbers in red

Product: MobiLens

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Shifting Mobile Media Landscape

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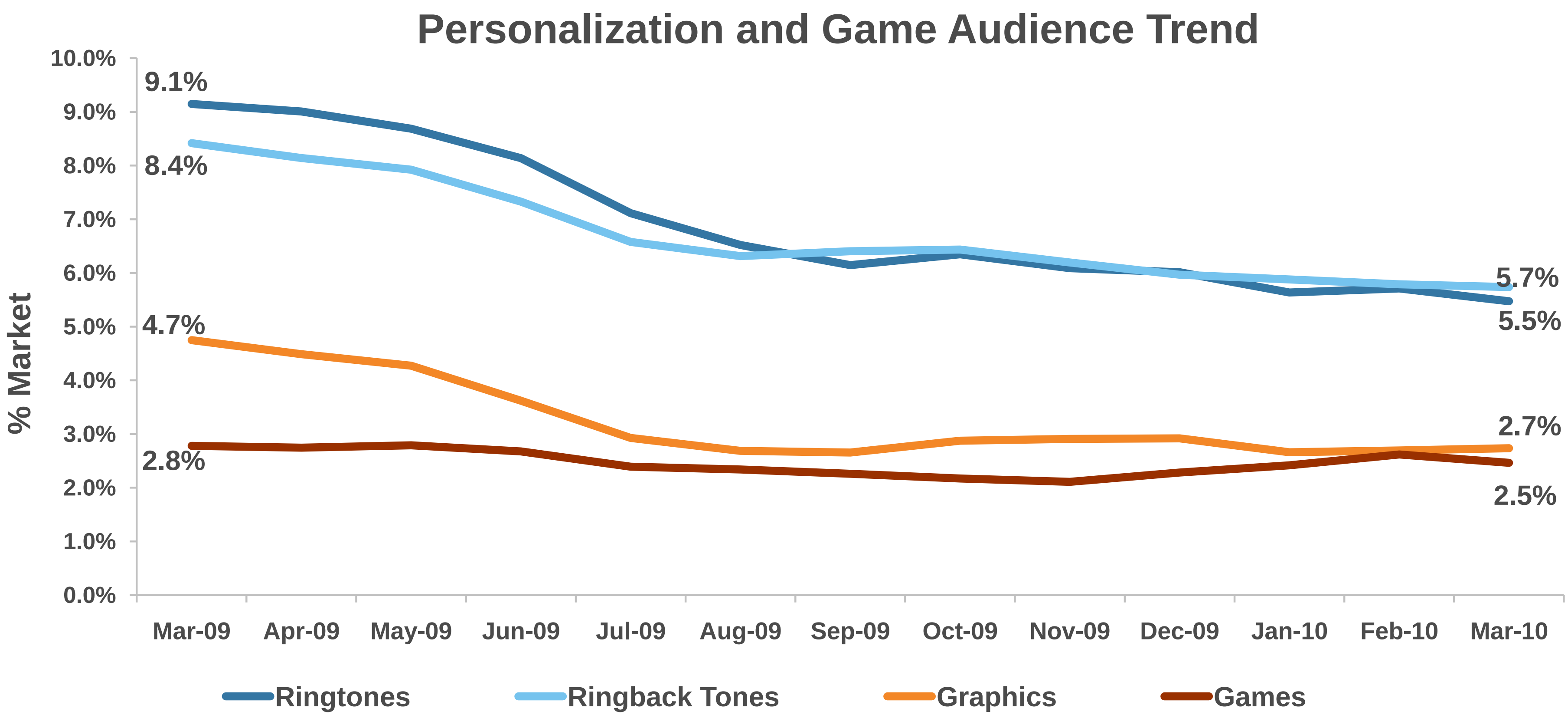
Early Mobile Content Successes Are Waning

- Personalization sector is clearly in decline
- Mobile games audience is flat, but there's much more to the story (we'll get to that shortly).



Product: MobiLens

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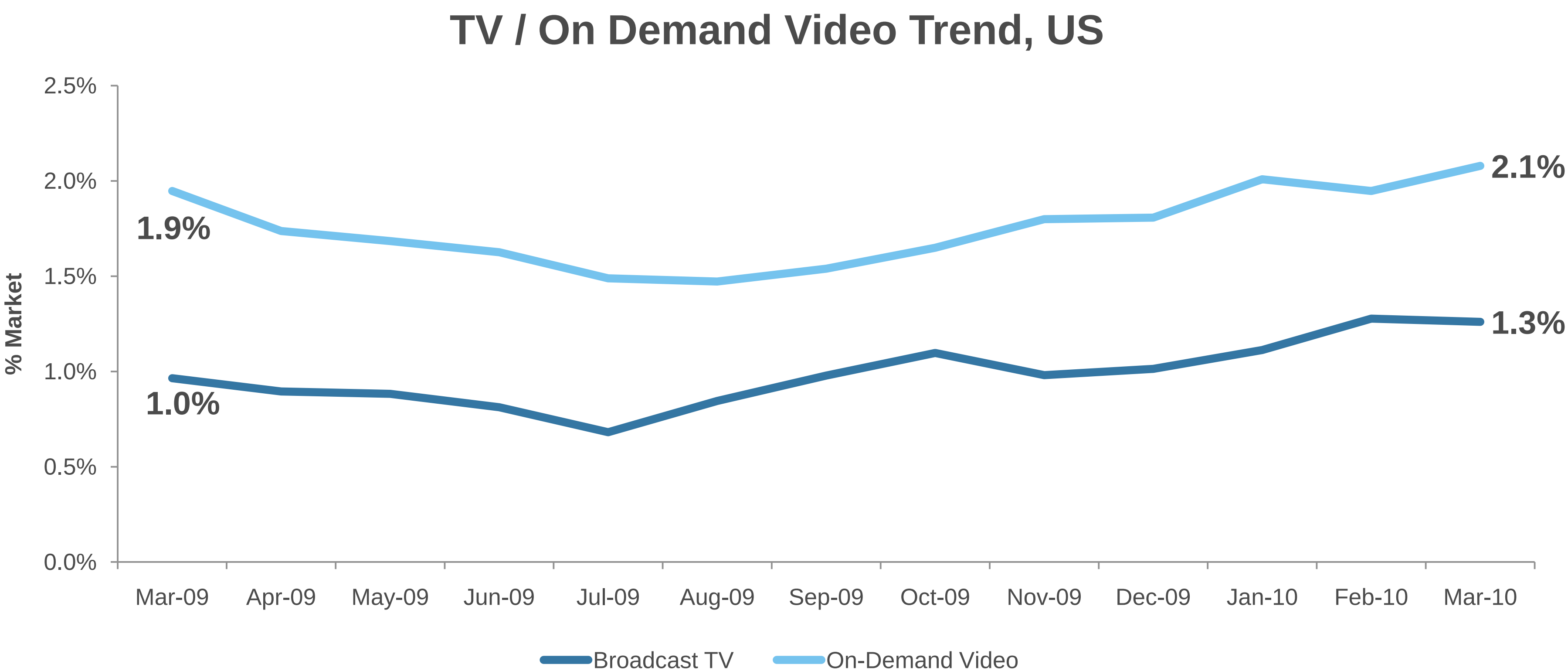
Mobile Video Remain a Niche

- 4.7% watched some form of video
- "Broadcast TV" (linear video) grew 32% YoY increase in the number of users but still only represents 1.3% of the market.



* Change of methodology for video measures in April 09

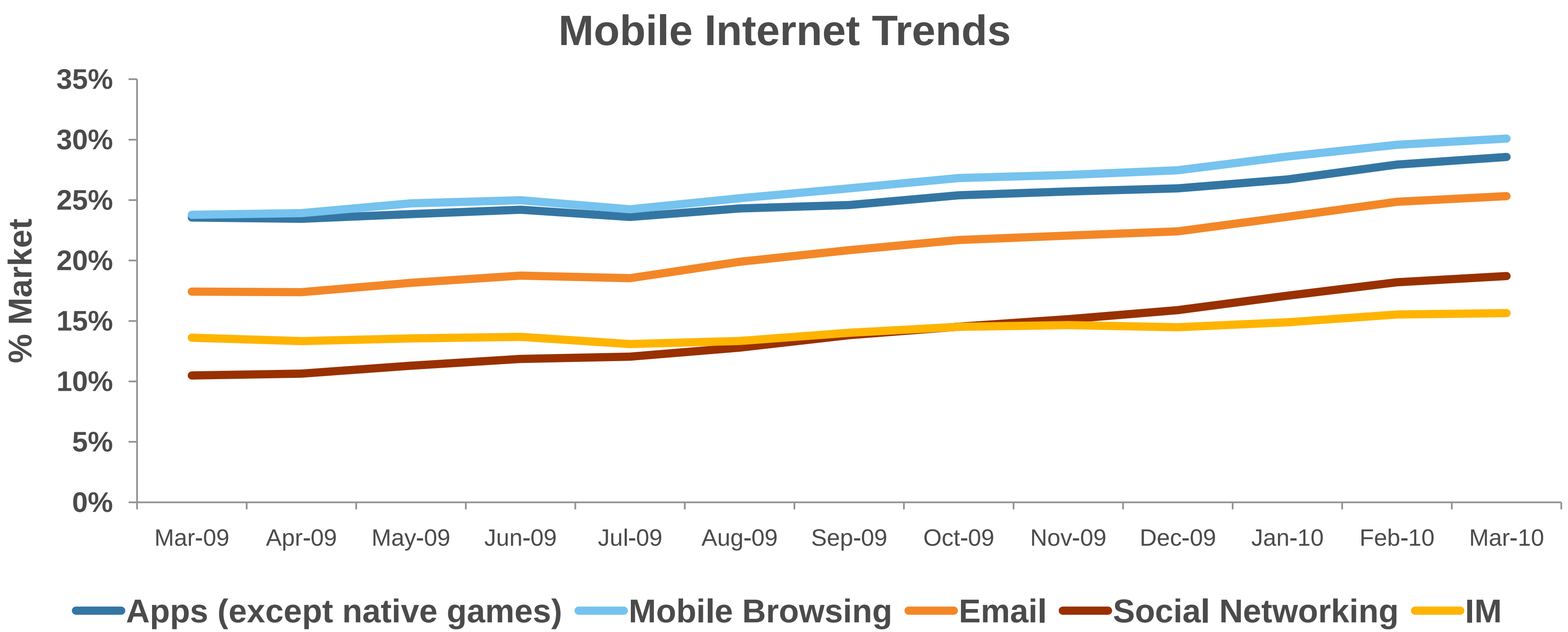
Product: MobiLens

Data: Three month average ending March 2010

Country: US – N=30,740

30% of Mobile Owners Now Browse the Mobile Internet

- More than 1 million mobile users began browsing the Internet each month (Q1’09-Q1’10)
- Social networking users are showing the highest gains with 80% YoY growth.



Product: MobiLens

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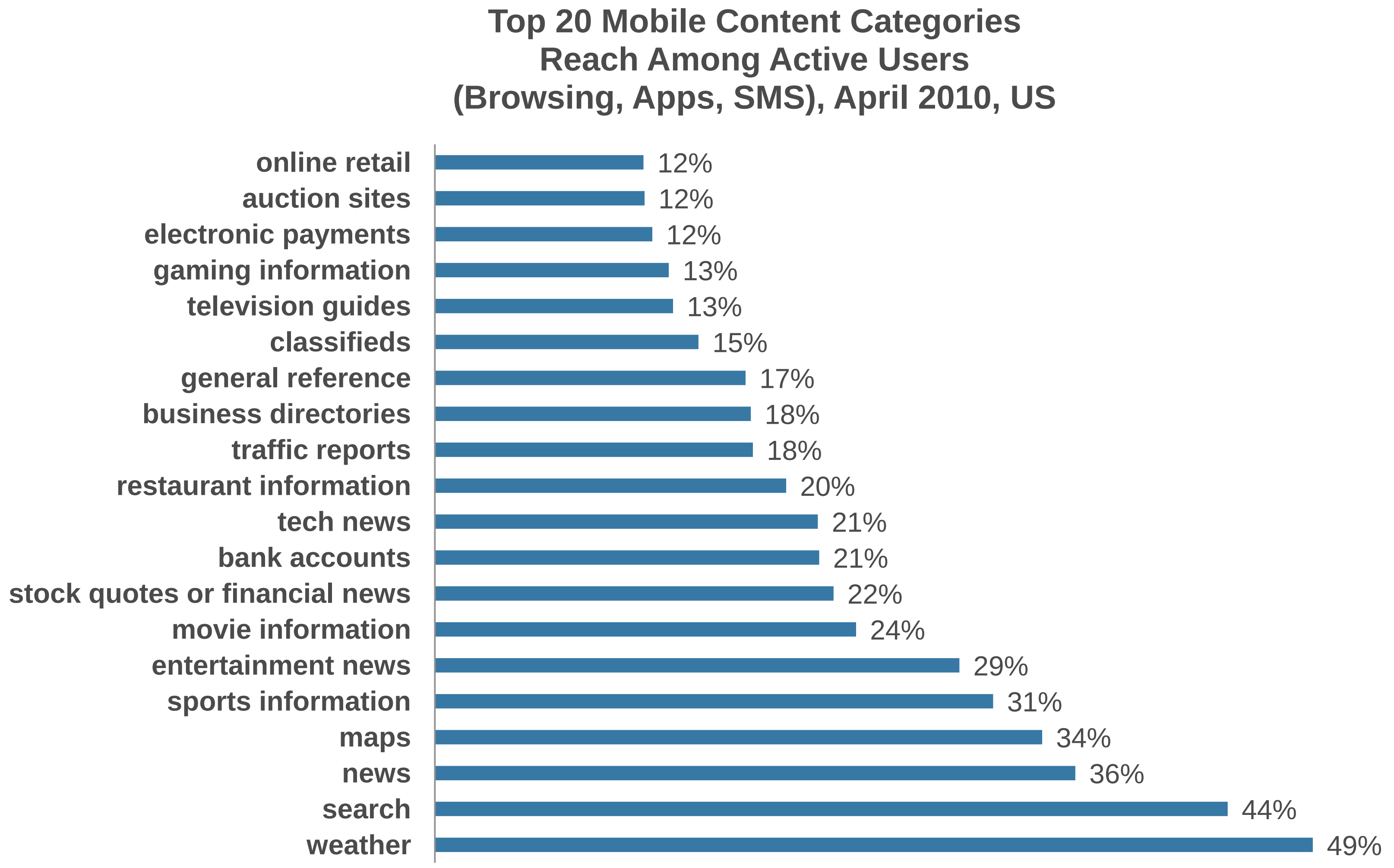
Mobile Users Access a Wide Range of Content

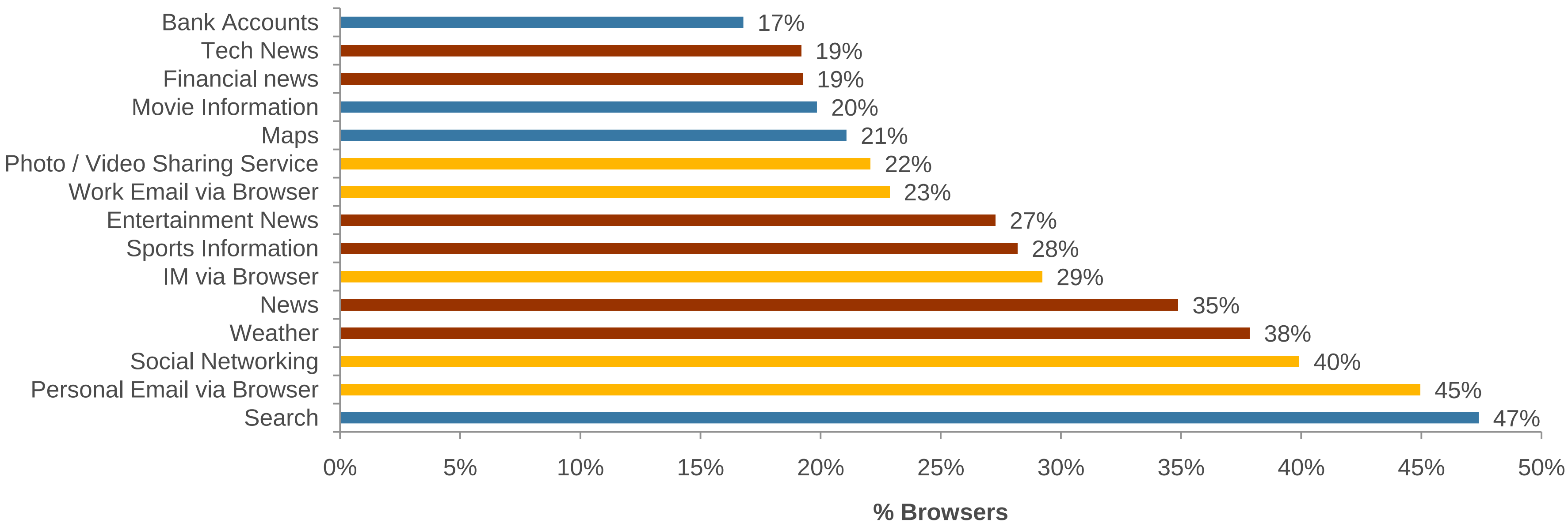


Product: MobiLens
Data: Three month average ending April 2010

Communicating & Sharing Drives Mobile Web

- 47% of mobile users search v. 88% of PC Internet users.
- The bars in yellow highlight the genres that relate to **communicating and sharing with others**, the red bars indicate **news and weather genres**.
- The mobile Internet is as much about connecting with friends and family as it is about viewing news and info.

Top Genres for Mobile Browsing



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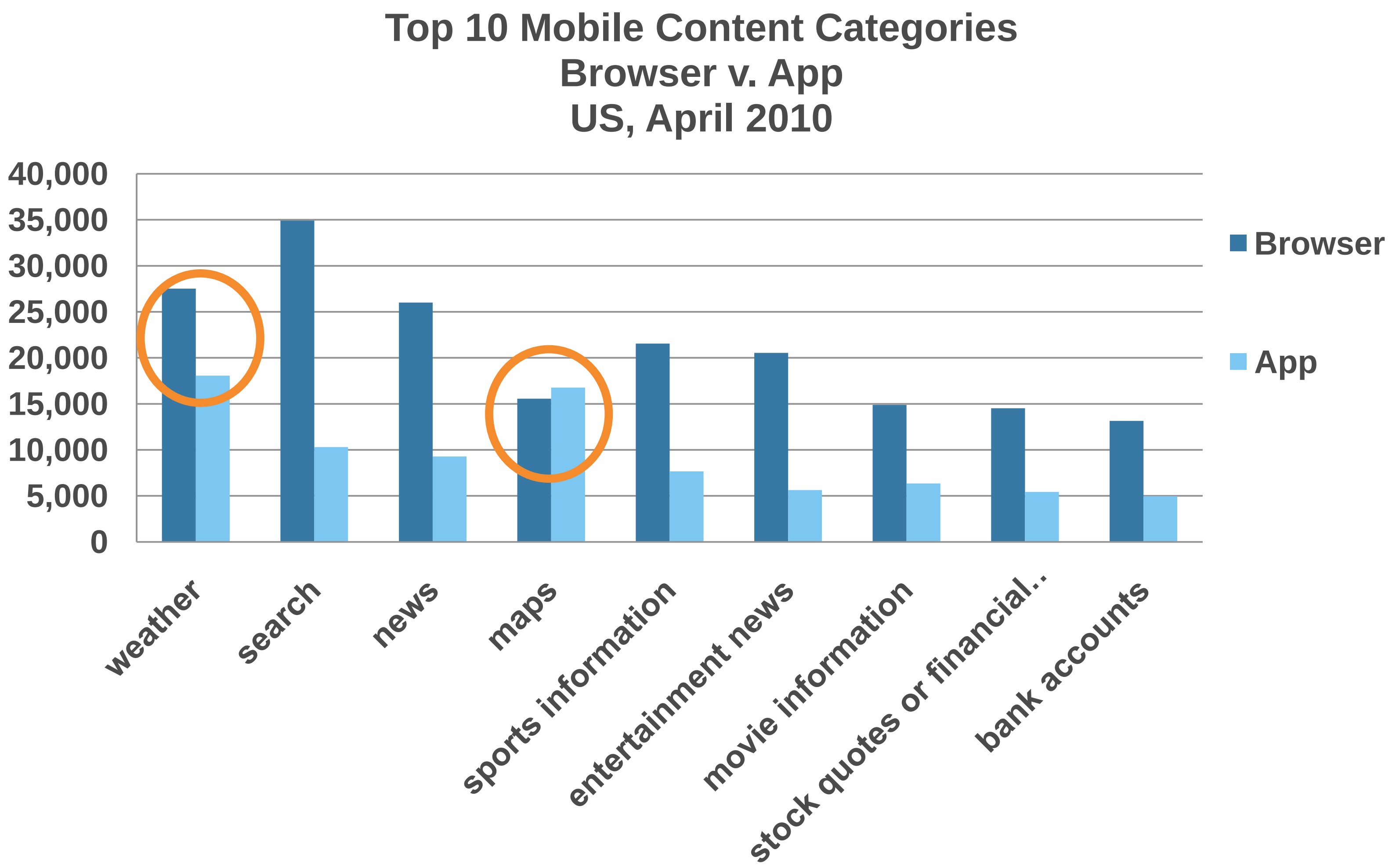
Browsing Audience Larger than App Audience . . . Mostly



Product: MobiLens
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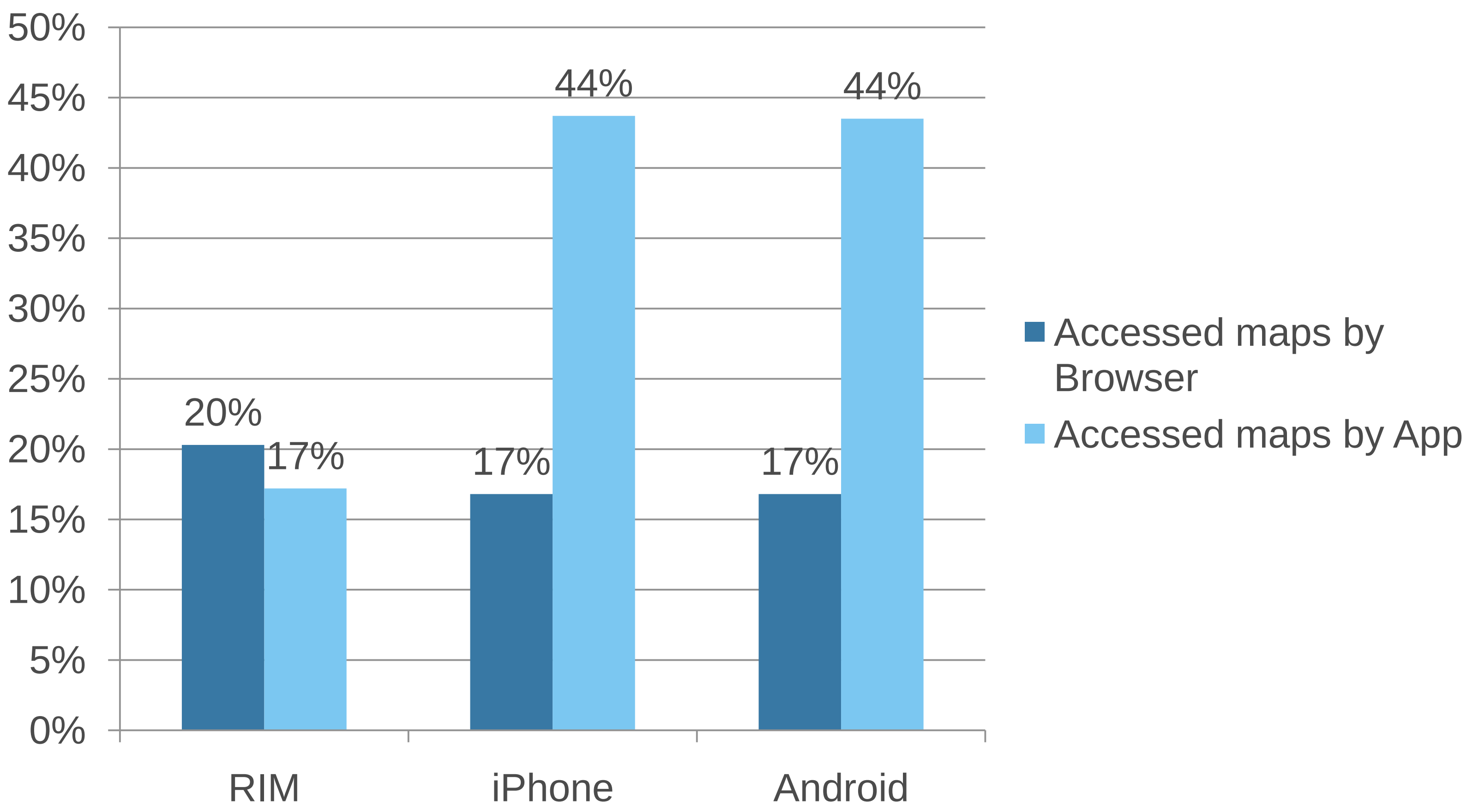
iPhone and Android Benefit from Map Integration

- **Slight lead for RIM on map use via browser, but success of tight services integration is clear.**



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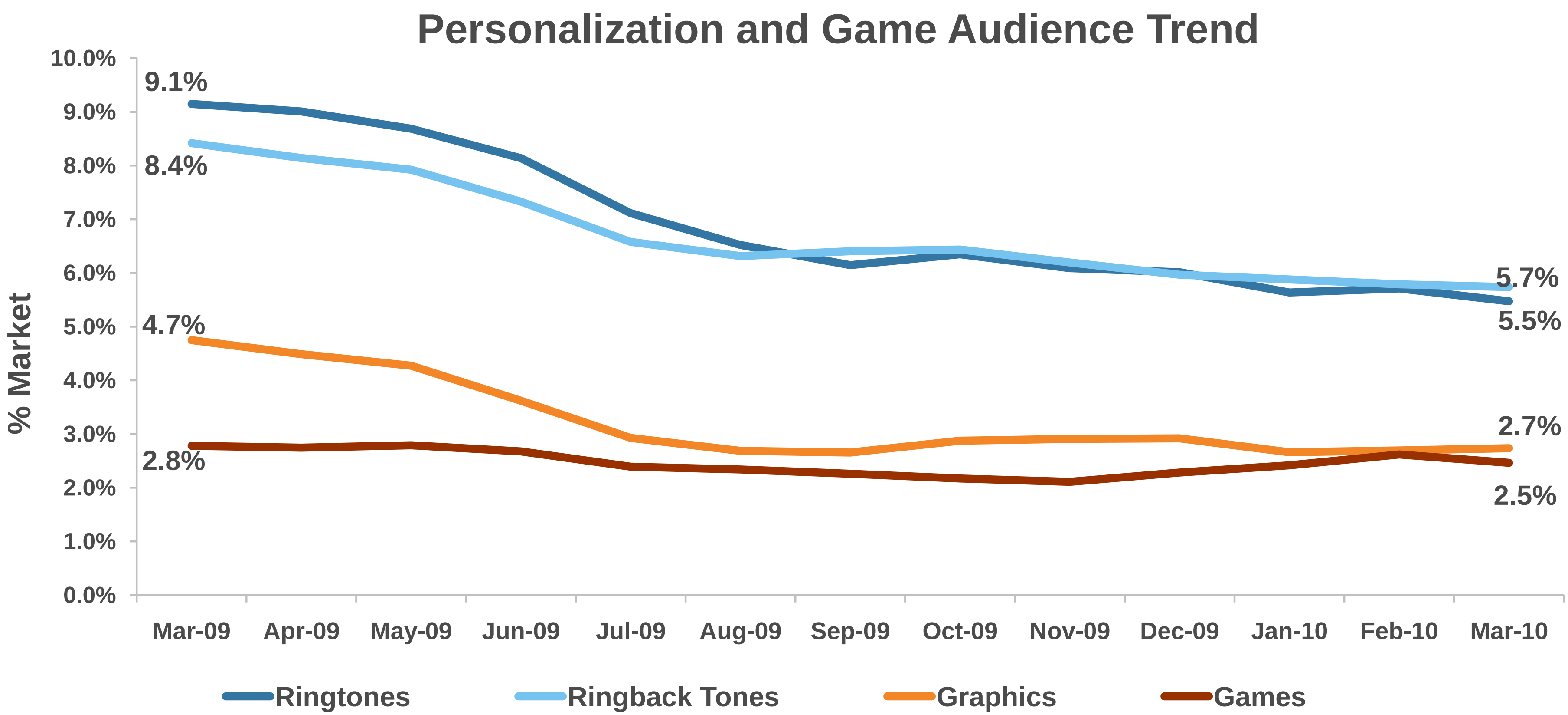

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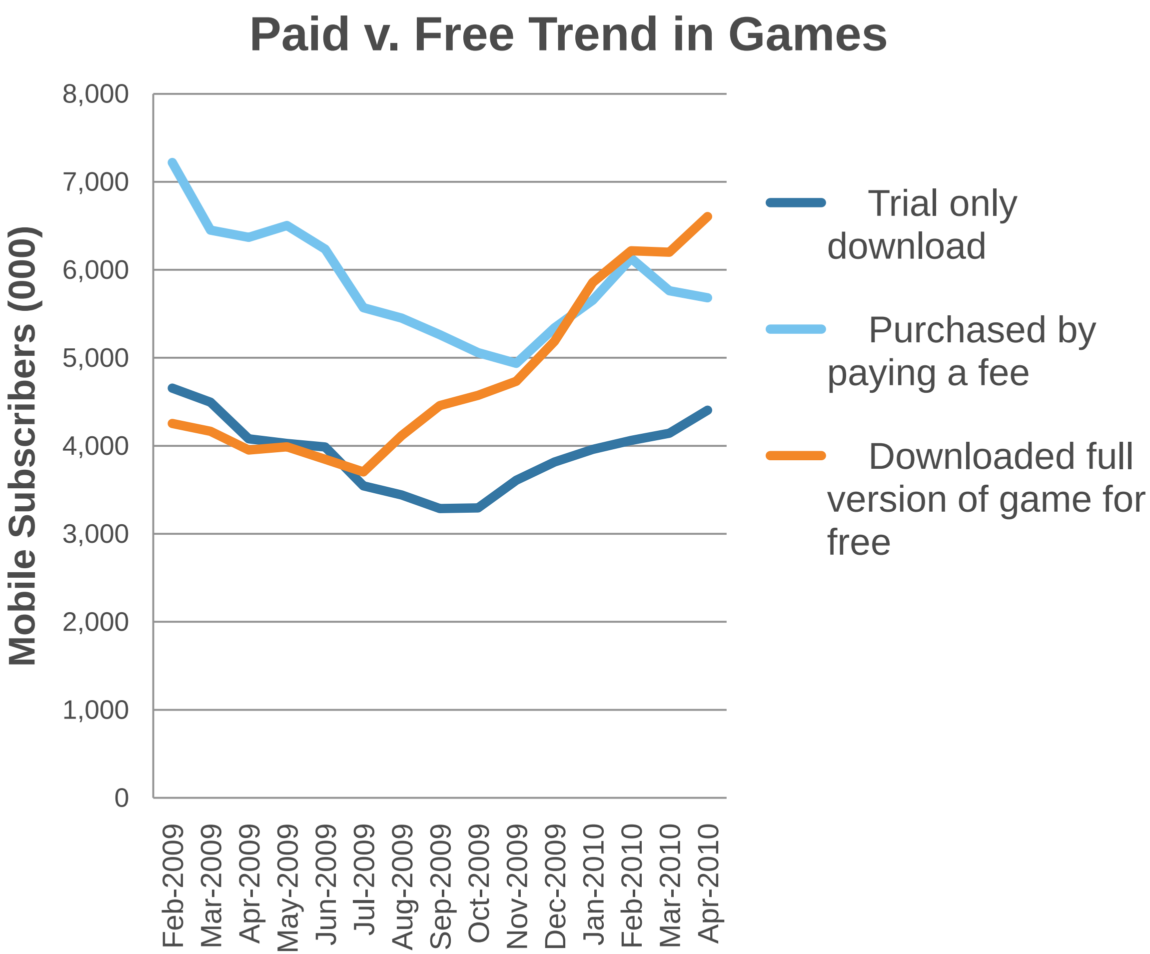
Free Business Model Gaining Traction at Expense of Paid



Past 12 Months

11% drop in subscribers purchasing games for a fee

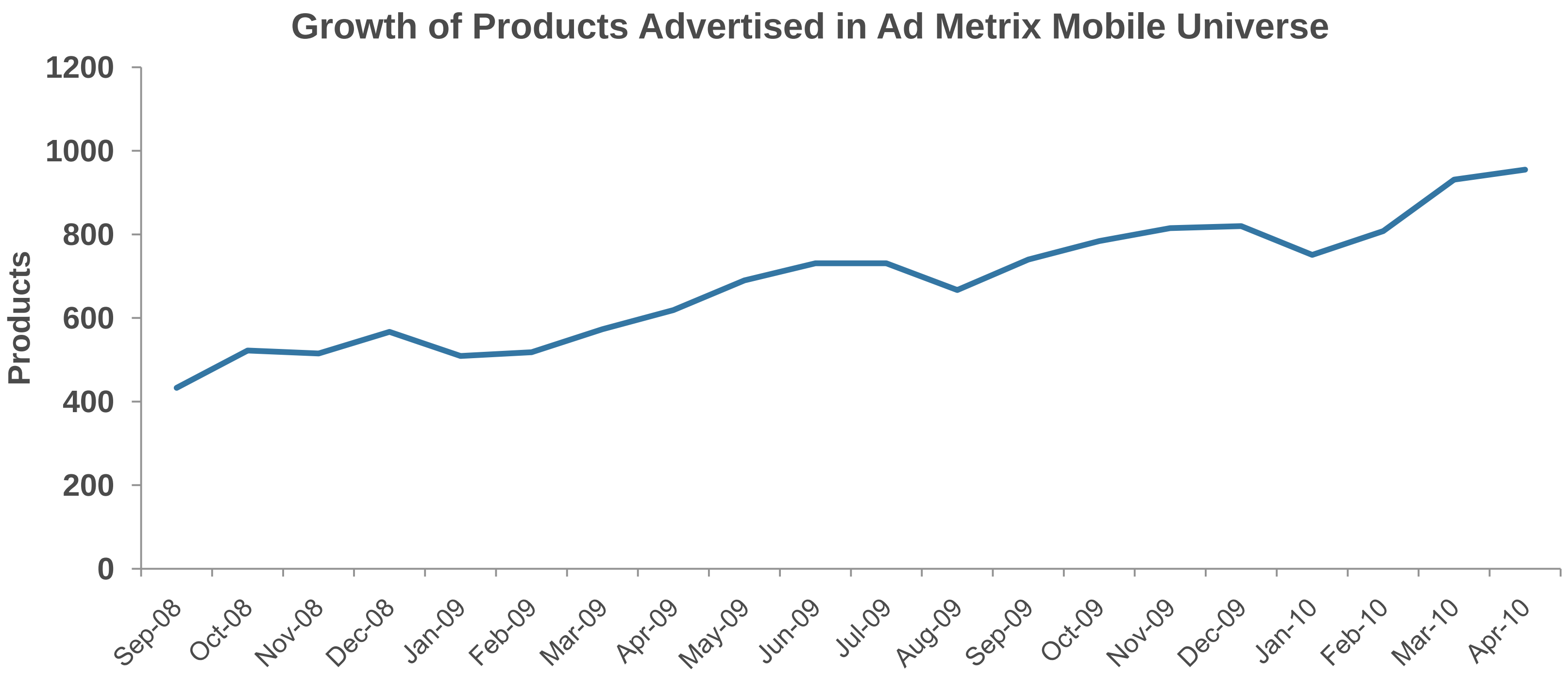
67% increase in subscriber downloading full games for FREE

Product: MobiLens
Data: Three month average ending April 2010

comScore

Growth for Mobile Advertising Continues in the US

- Ad Metrix Mobile observed nearly 1,000 distinct products advertised using mobile banners in March 2010.
- comScore client studies consistently show positive impact of in-application brand advertising (no need to wait for iAd)



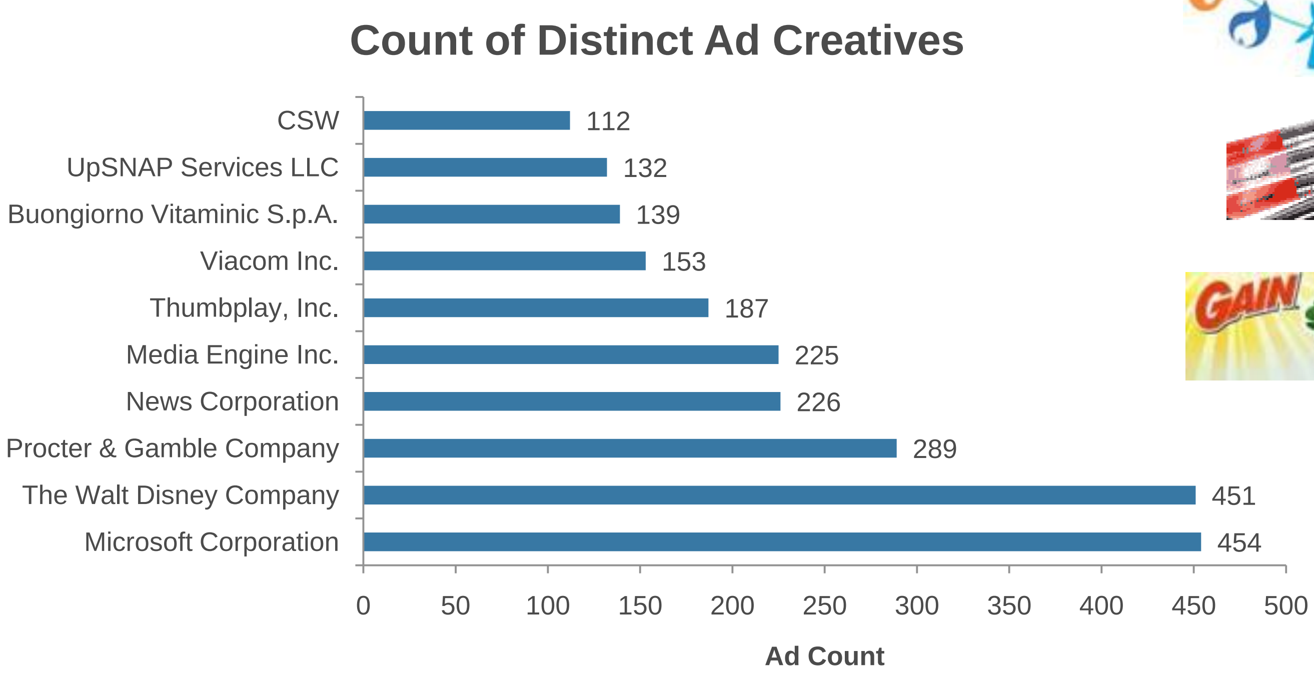
Product: Ad Metrix Mobile

Data: March 2010

Country: US

Mix of Advertisers Becoming More Mainstream

- “Mobile Endemic” ads still account for majority of observed ads
- Increasing spend by CPG, auto, travel and other sectors
- P&G ranked 3rd in Ads in April



Product: Ad Metrix Mobile

Data: April 2010

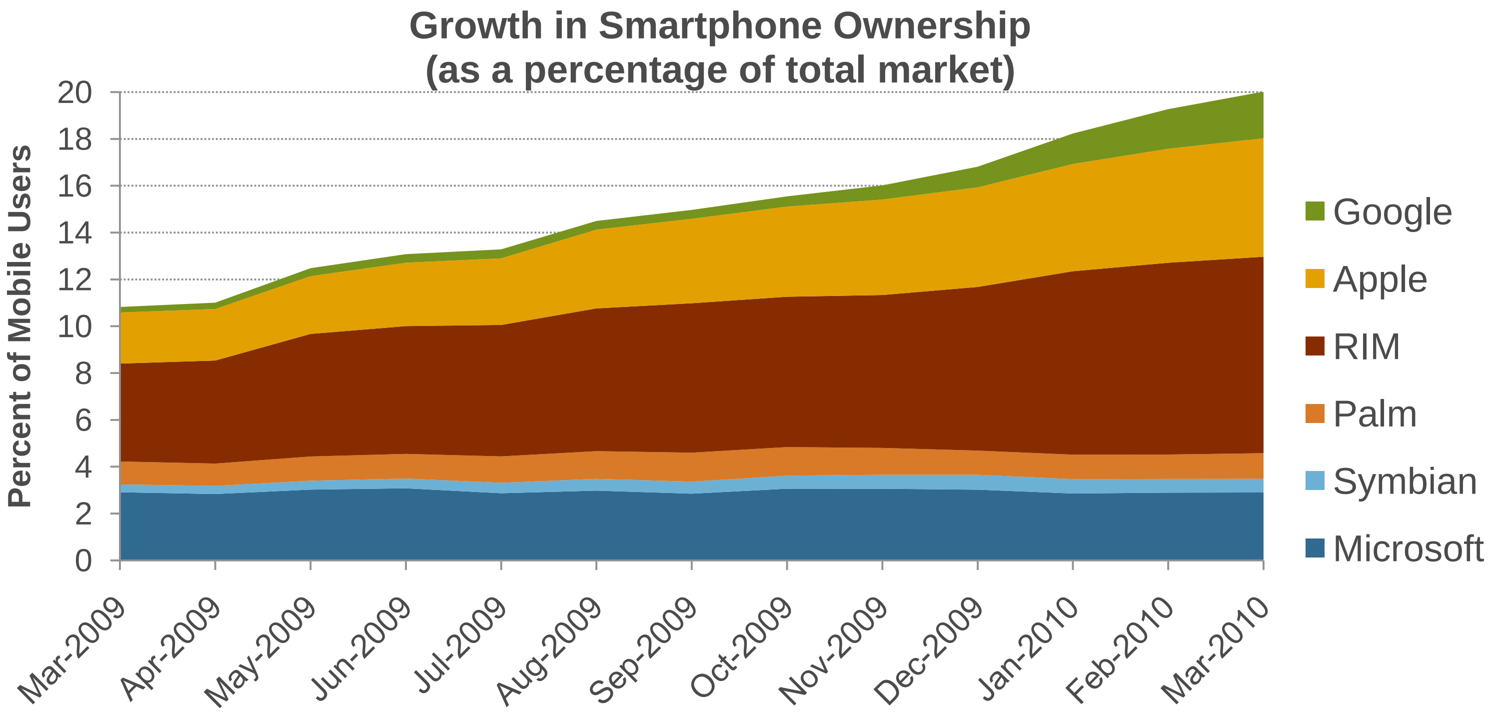
Country: US

Smartphones and Devices

OS share, Touch, platform comparisons

1 in 5 Mobile Phone Owners in the US Now Have a Smartphone

- **Driving this increase are phones that provide a strong foundation for media consumption**
- **Apple, RIM, and Android-based phones show the most growth. All three phones now market to consumers who want to mix business use with a personal phone**



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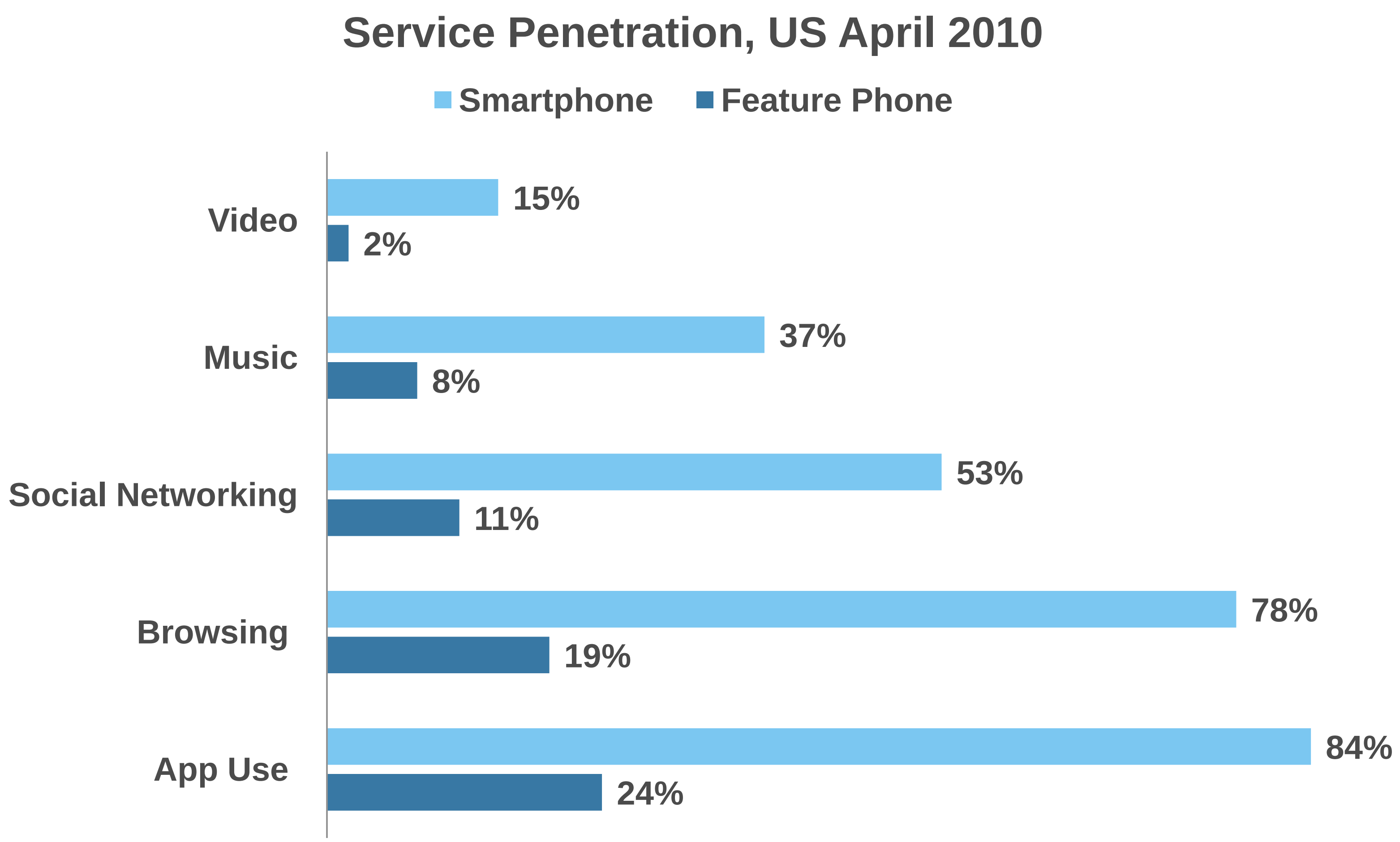
comScore MobilLens 3 Month Avg ending March 2010

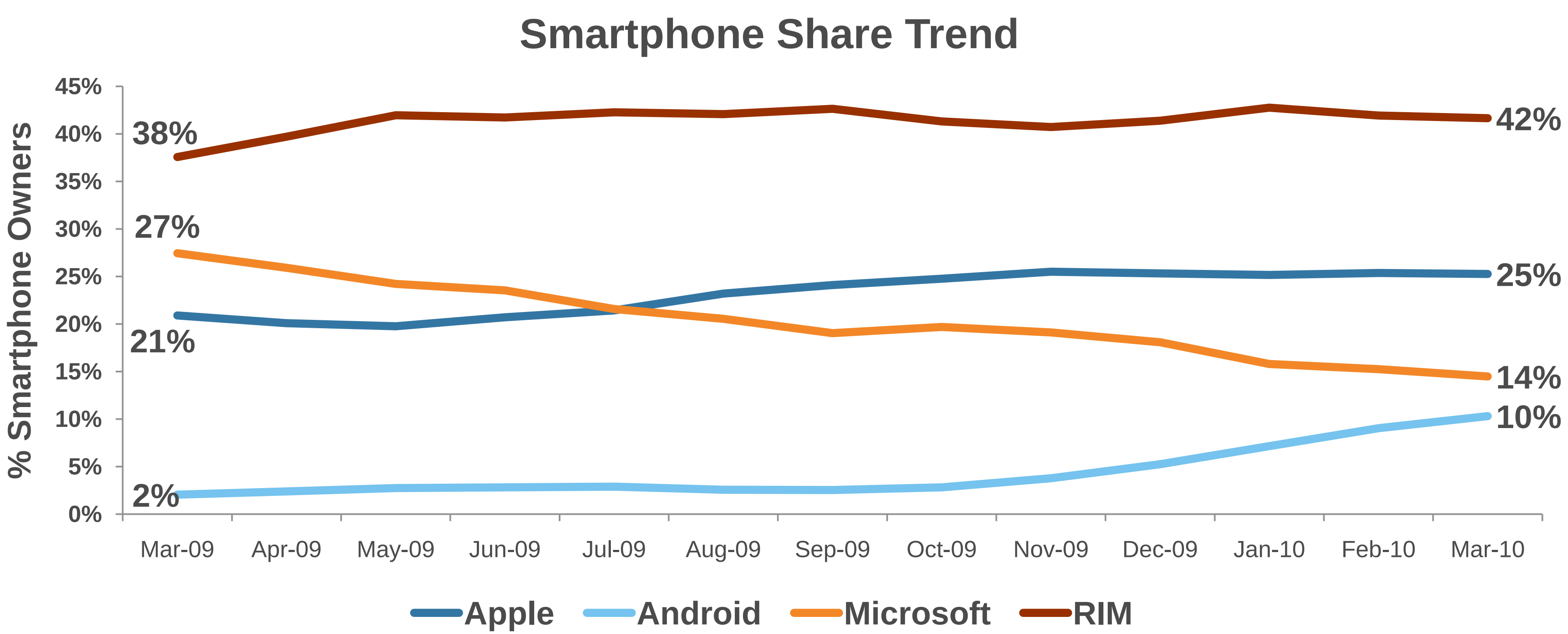
Smartphone Growth Has Clear Impact on Media Consumption



Product: MobiLens
Data: Three month average ending April 2010

Android Share Has Grown 5X in 12 Months

- 85% YoY increase in overall smartphone ownership
- Apple and RIM have grown share
- Android has surged—will soon eclipse Microsoft



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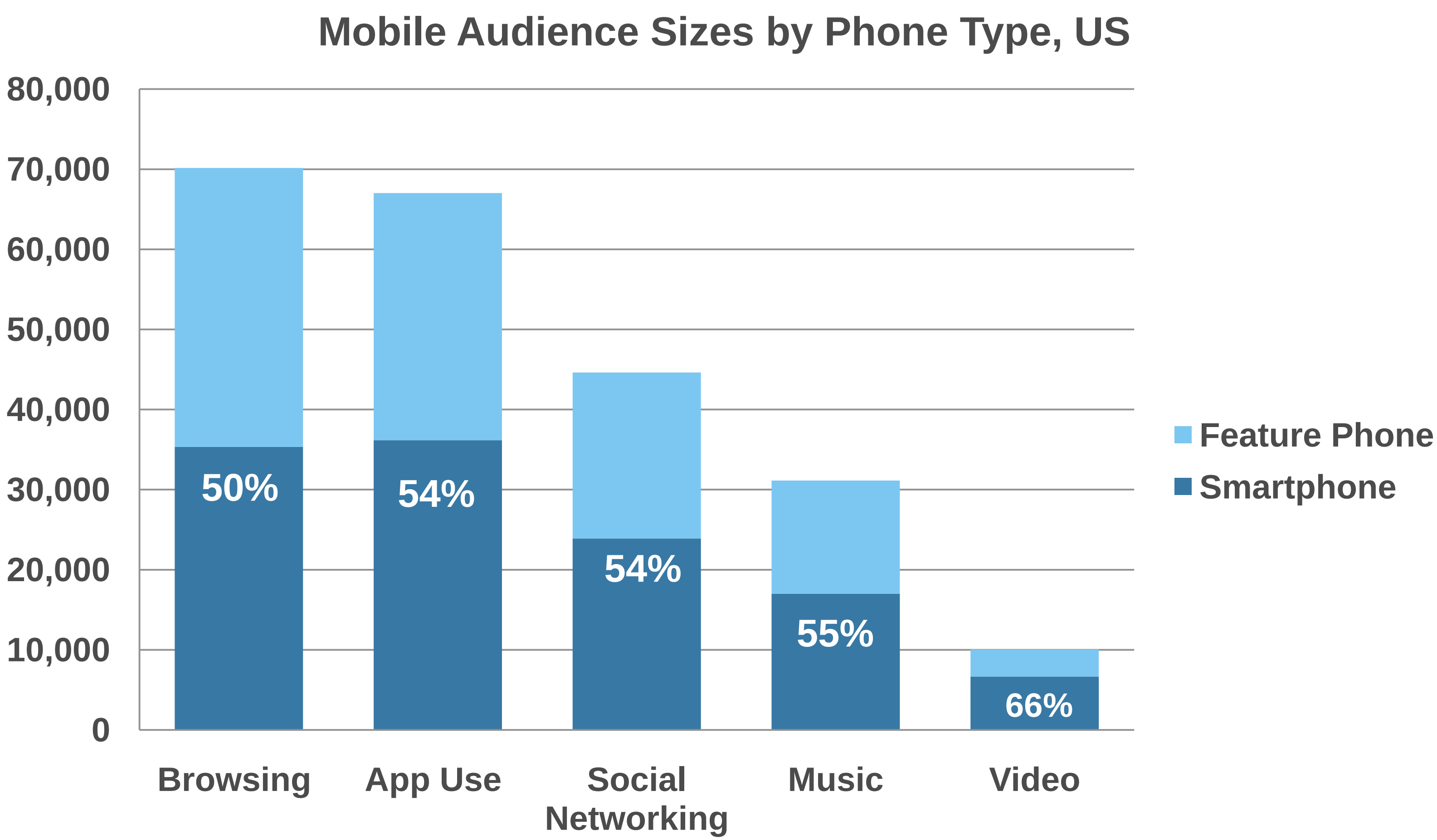
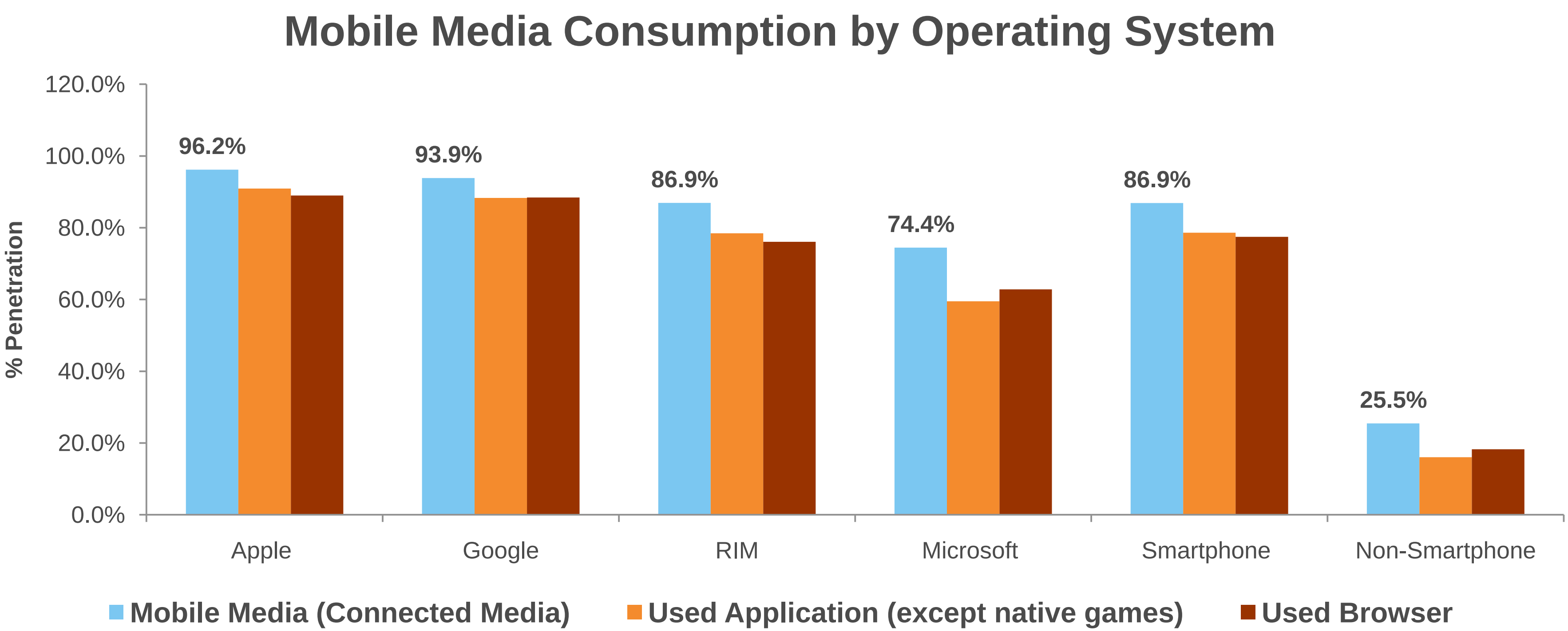
Smartphones *Now Majority* of Major Mobile Audiences



Product: MobiLens
Data: Three month average ending April 2010

Smartphone Platforms Compete on Mobile Media

- The Apple iPhone has revolutionized the market for mobile media, however Google's Android and RIM's Blackberry devices are providing competition in terms of usage behavior.
- Google and Apple platforms over-index on consumption behavior, compared to the smartphone average.



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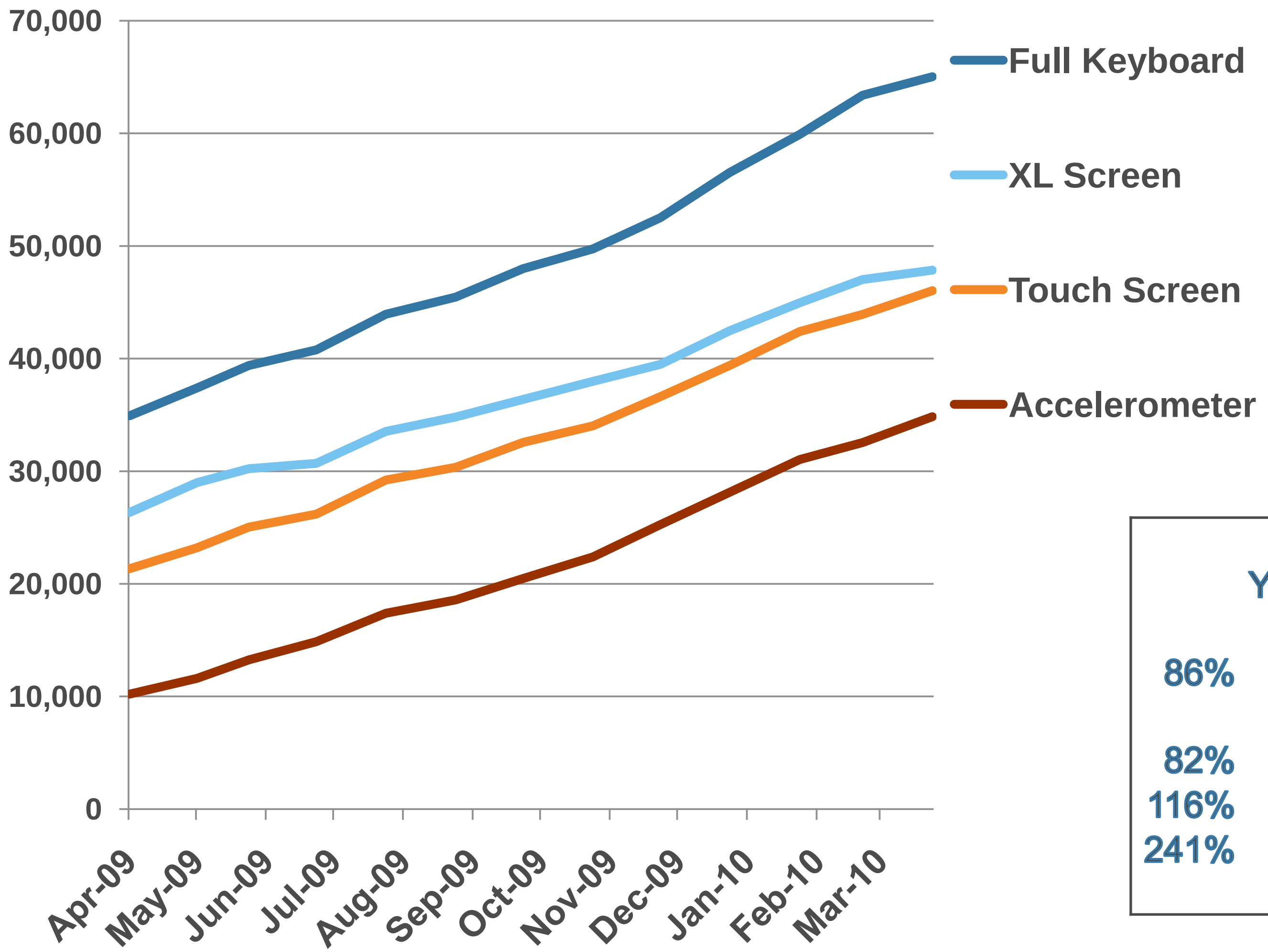
Strong Growth for Advanced Device Features



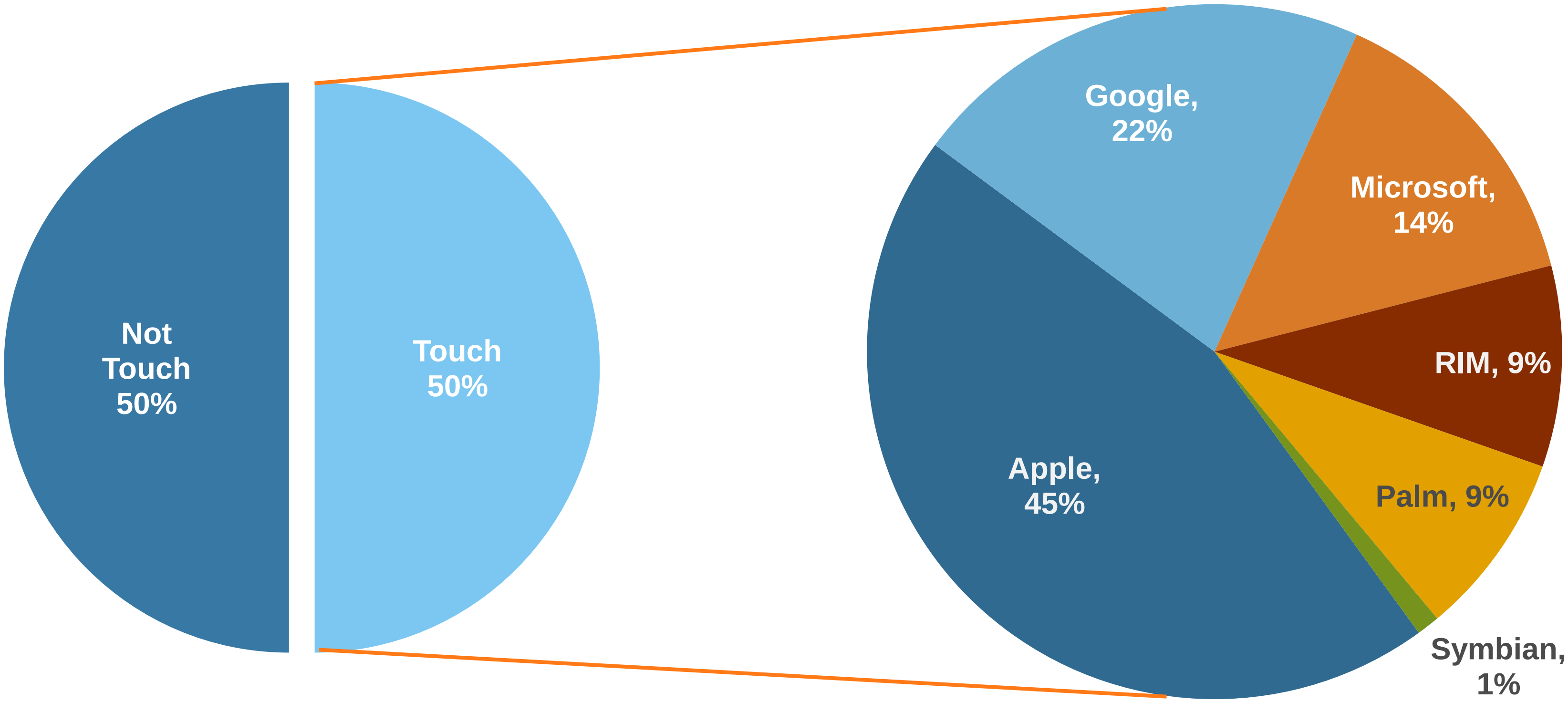
YoY Growth

86%	Full Keyboard
82%	XL Screen (>320X240)
116%	Touch Screen
241%	Accelerometer

Product: MobiLens
Data: Three month average ending April 2010

Touch is Redefining the Mobile Media Experience

- Currently 112 variants of touchscreen smartphone models in US market
- Touch will become dominant smartphone interaction model by Q3
- Not limited to smartphones—mid-range touch devices also selling and performing



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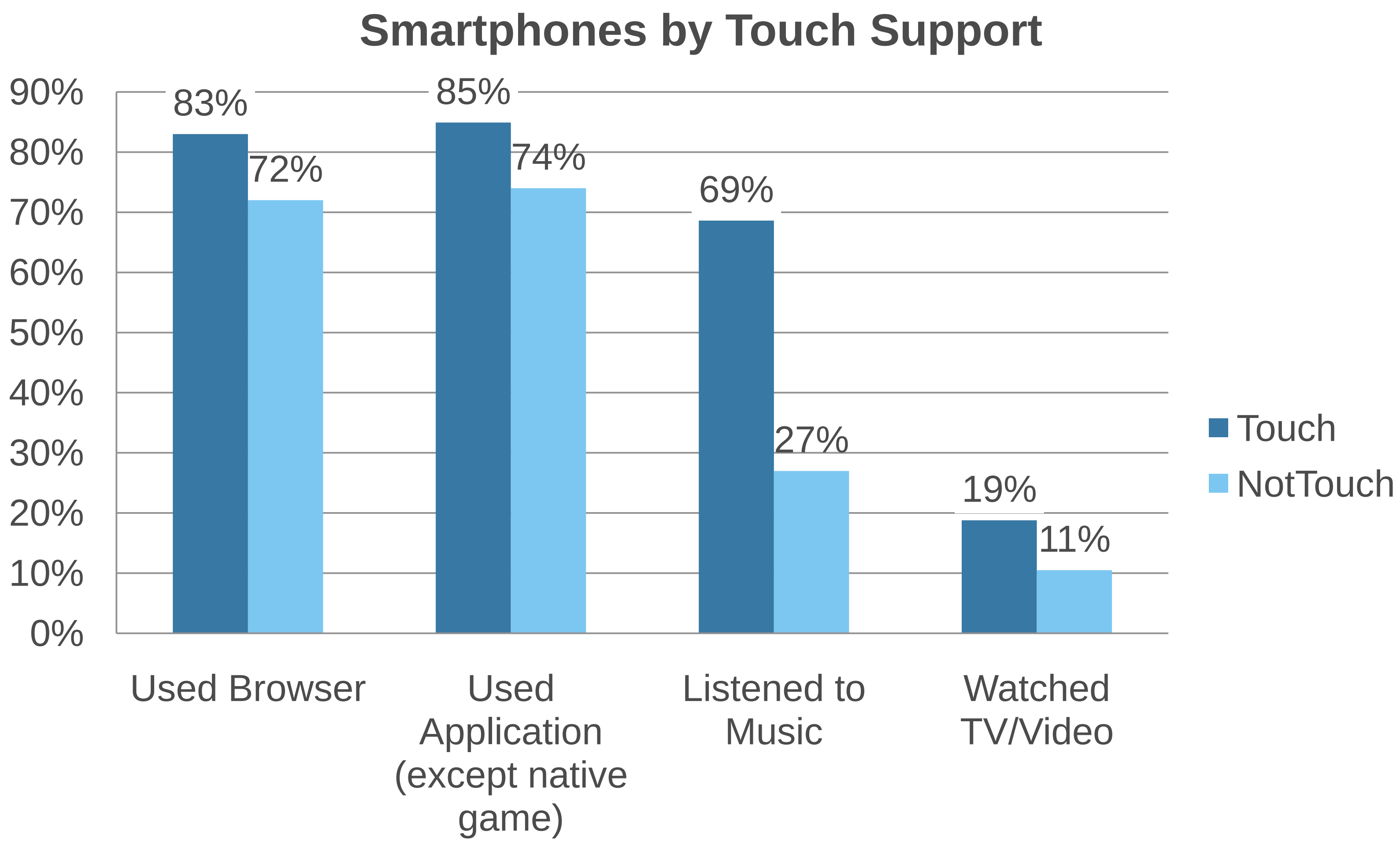
Touch UIs Driving Higher Penetration of Key Services



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Summing Up

Summing Up: The Big Picture

- **Mobile Media Market has fully arrived**
  - 1/3 of phone owners using mobile media
  - Critical mass for publishers with room for sustained growth
- **Technology enablers continue to grow**
  - Even faster networks / devices arriving
- **Growth of key consumer enabler—unlimited data plans—in doubt**
  - Will others follow AT&T with tiered data pricing? Will it slow growth of adoption? (Check back at the end of the year)
- **“Classic” mobile content business—personalization—in decline**
- **App Store economics driving to free**
  - Mobile ad model works—and it must work—to monetize Web and Apps
  - Encouraging diversity in mobile advertisers and increasing (repeat) spends

Summing Up: The Platform Wars

- **Smartphones have hit critical mass**
  - Majority share of major mobile media audiences despite 20% overall penetration
  - Touch interfaces are on path to dominance
  - Sensors and cloud services will continue to change the way we interact with devices, people, content, services
- **Smartphones platform competition creating an epic business battle**
  - RIM/Apple/Google have strong starts
  - Nokia/Microsoft/HP?/Others? are in it for the long haul
  - Device replacement cycles and carrier competition create substantial opportunities for the lead to change (and metrics for “the lead” are variable)
- **Publishers and developers must contend with (the costs of) fragmentation**
  - Of the audience. . . platform priorities? . . . what about feature phones?
  - Of content delivery . . . Apps? Which development platform? . . . HTML5?
- **But ubiquity, intimacy of mobile makes it an increasingly critical channel**

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