

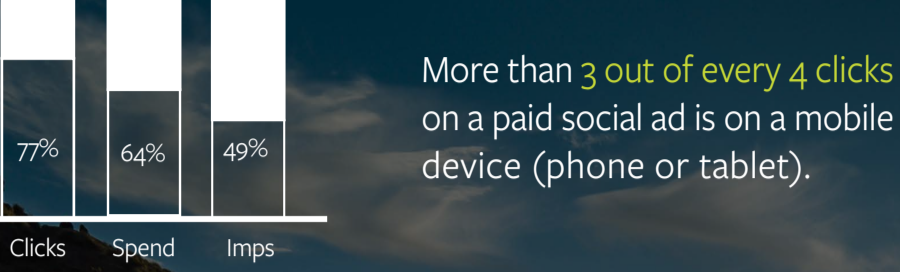
DIGITAL MARKETING SNAPSHOT

Social and Search Advertising Continue to Grow at Double-Digit Rates Versus 2015

Mobile advertising and the specialization of ad types that better address specific consumer needs are key drivers of growth in impressions, clicks, and spending volume.

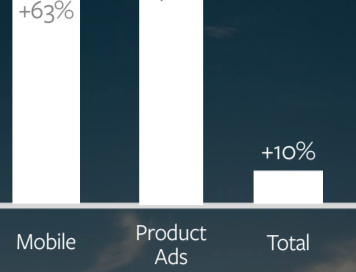
Q2 2016: What You Need to Know

SOCIAL: Smartphones & Tablets



More than **3 out of every 4 clicks** on a paid social ad is on a mobile device (phone or tablet).

SEARCH: Year-over-Year (YoY) Spend Growth



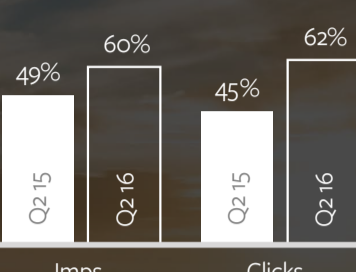
Mobile search ads and product ads continue to drive overall search spending growth.

SOCIAL: Share of Video Ads, 2015 vs 2016



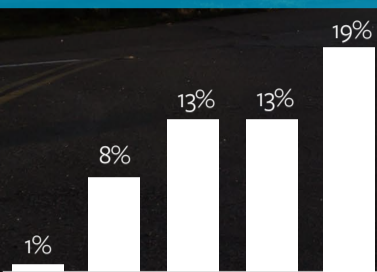
Across all social ads, **Video is commanding a larger share** of both eyeballs and ad dollars.

SEARCH: Share of Non-Desktop Keyword Ads



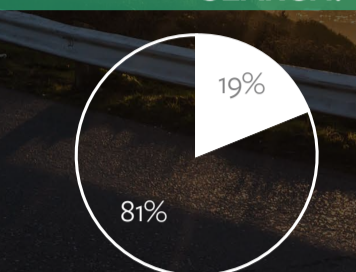
Mobile Search, Product Ads, and other developments have evolved search beyond traditional desktop keywords.

SOCIAL: Dynamic Product Ads in eCommerce



eCommerce advertisers on social have **steadily increased spend** on product ads.

SEARCH: Share of Advertisers by Highest CPC



In Q2 2016, **19% of Kenshoo advertisers had a higher average CPC** on smartphones than desktops

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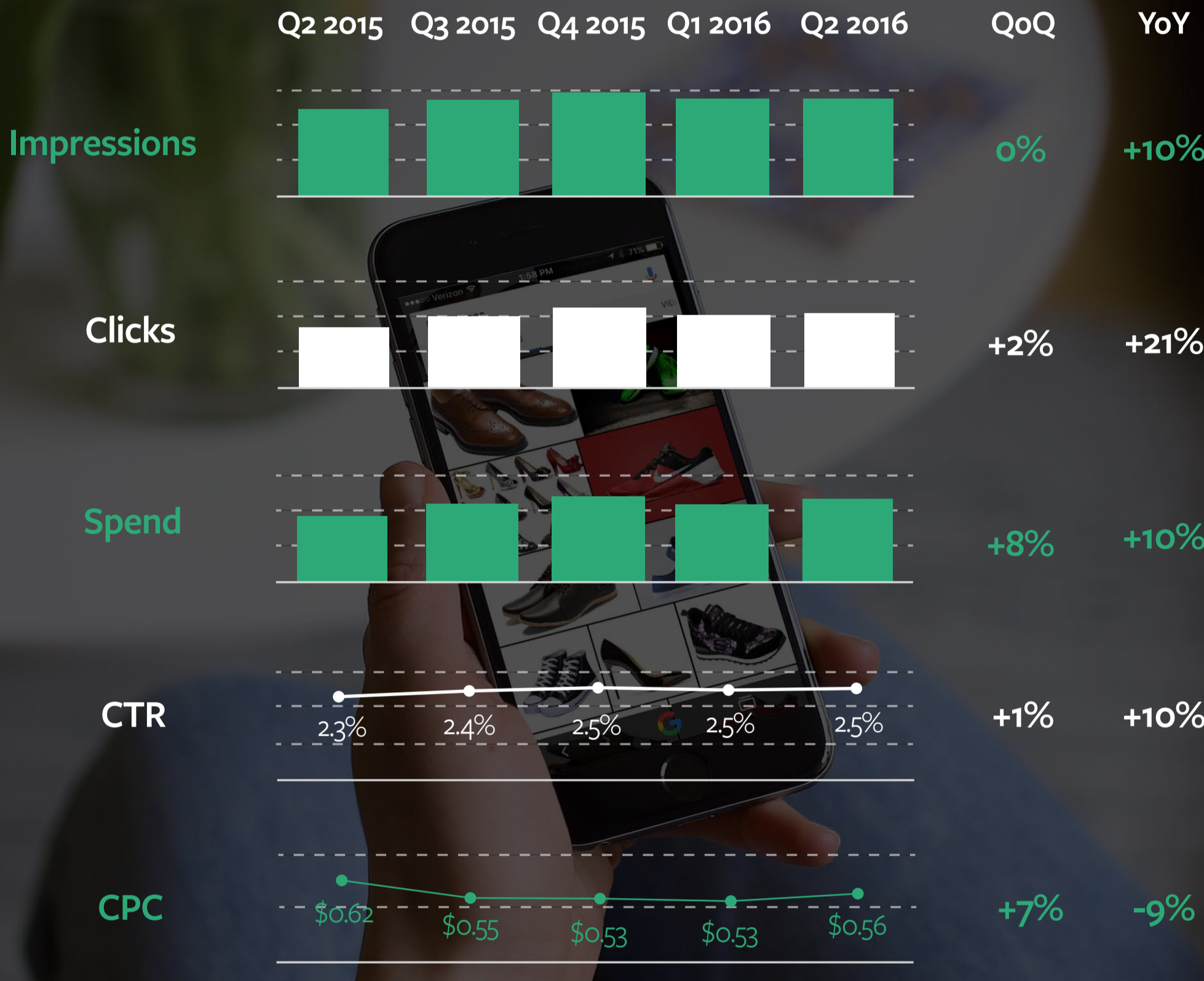
Trends & Highlights

SEARCH

Across all search engines, overall Search spend is up both sequentially (Quarter-over-Quarter) and Year-over-Year (YoY), driven by a +63% YoY increase in mobile (smartphone) search spend and a +71% increase in shopping campaigns.

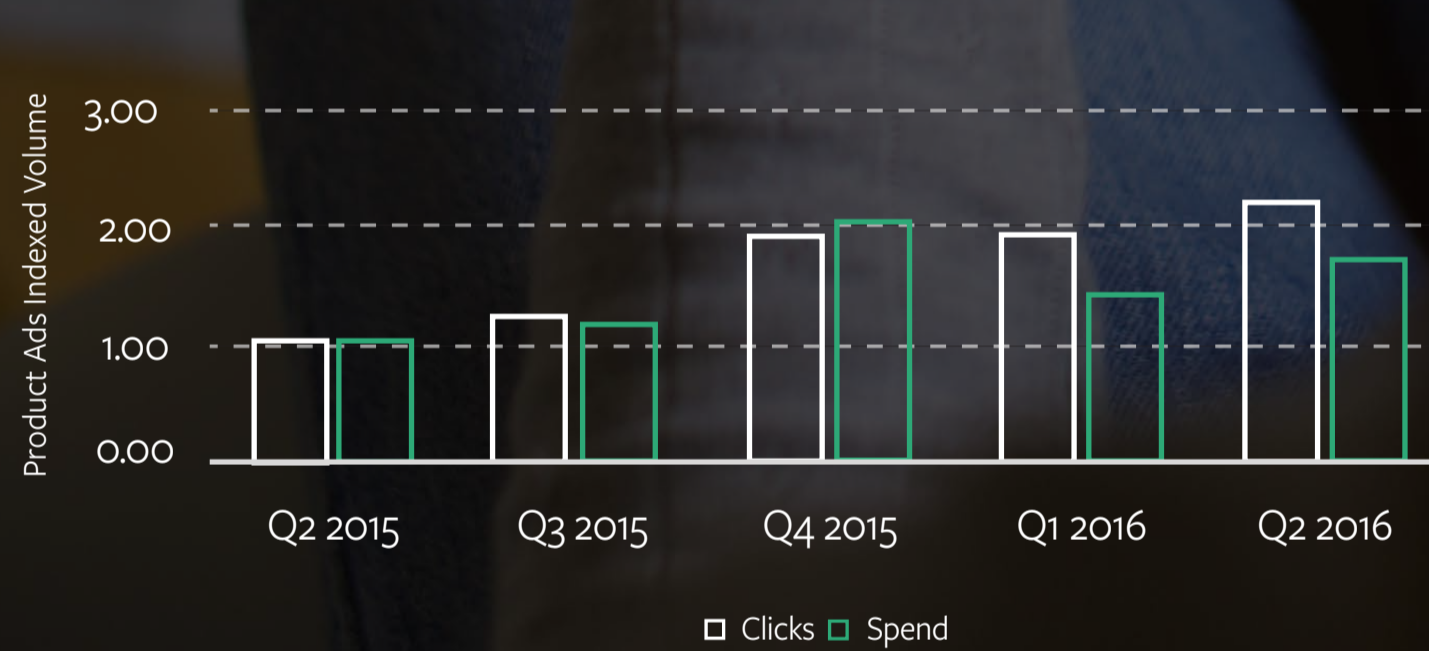
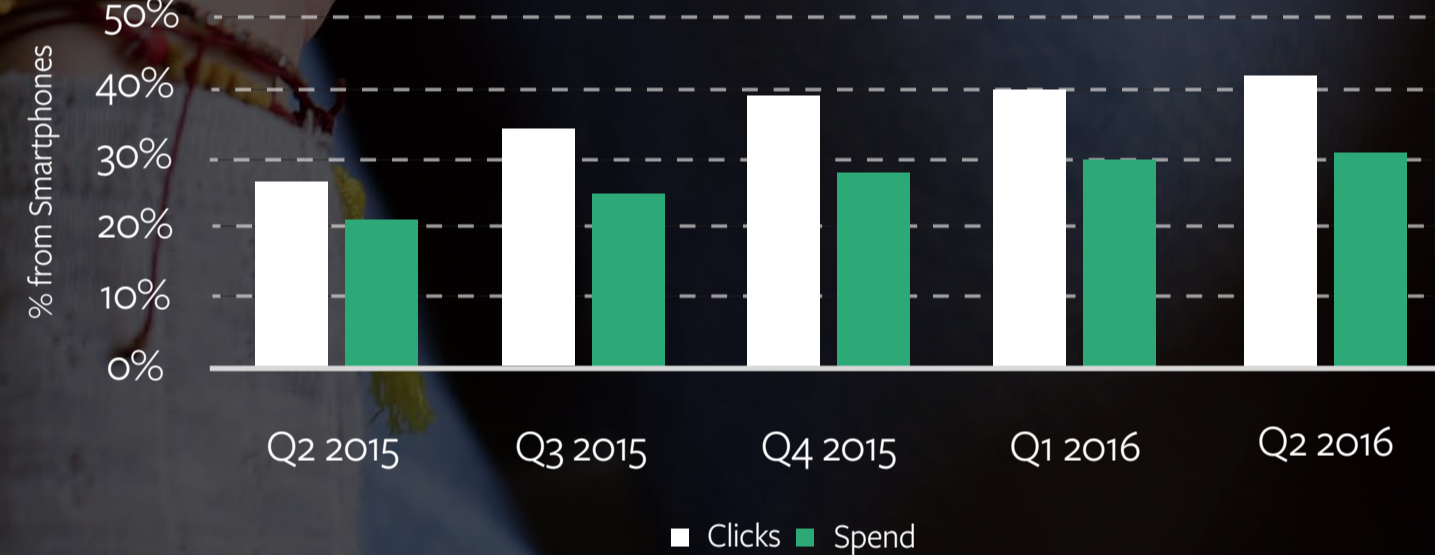
Clicks have grown more substantially YoY than other metrics due to the evolution of the mobile search experience. Specifically, Q2 of 2015 still featured only two mobile ad slots on Google, with a third being added in Q3 and adding to mobile click volume.

CPCs are up compared to the previous quarter, and upcoming bid policy changes for keyword ads on at least one major search engine may extend this trend into future quarters.



MOBILE SPOTLIGHT

The percentage of clicks from smartphones in Q2 (41%) is higher than the percentage of clicks from smartphones and tablets combined in Q2 of last year.



PRODUCT ADS SPOTLIGHT

Total clicks on Product Ads have grown 2.2x since the same quarter last year, and have even increased since the Q4 shopping season.

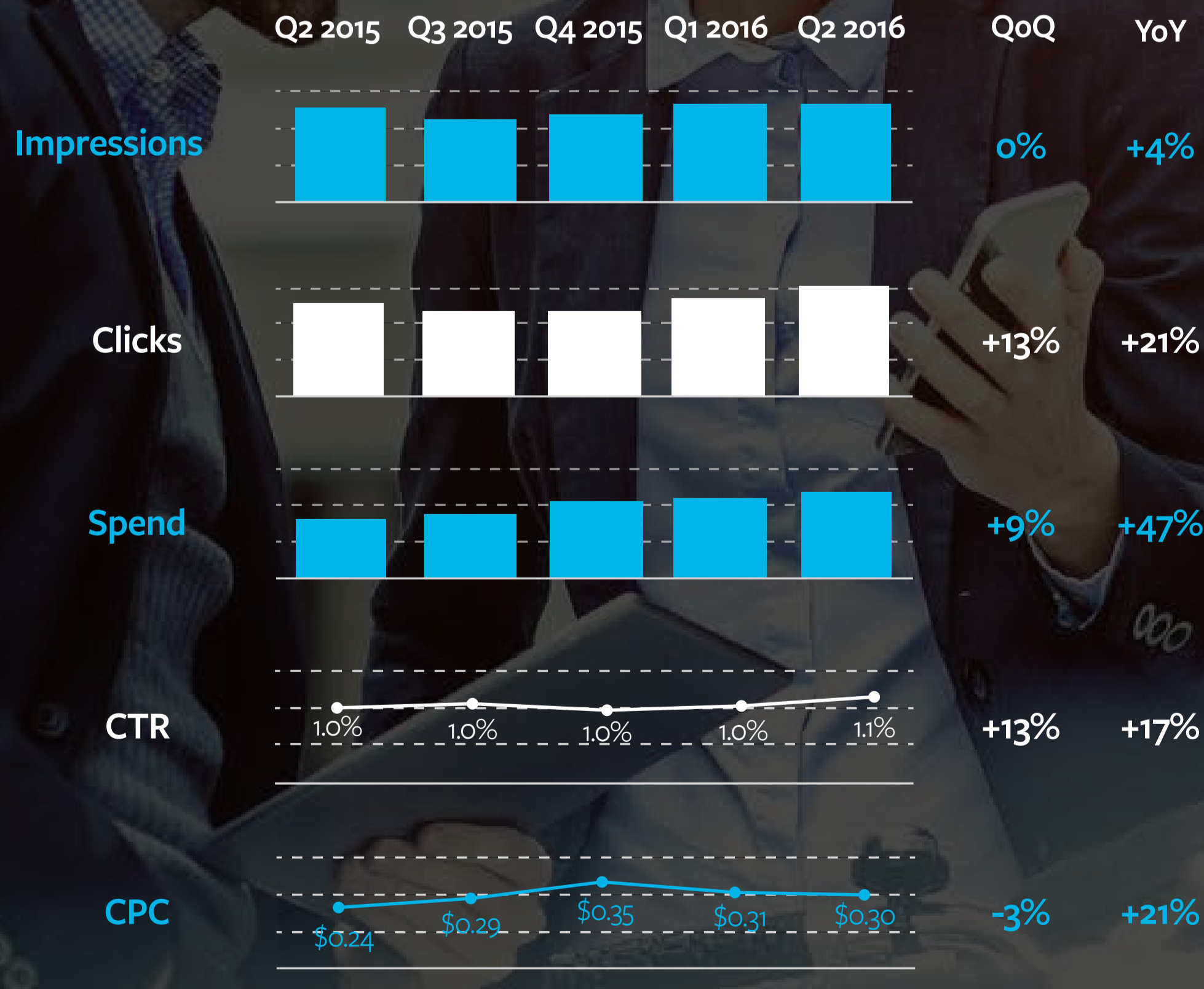
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SOCIAL

Social spend grew by almost 50% YoY as consumers clicked more often, bringing CTR up by 17%, and in greater numbers, raising clicks by 21%.

Social ad pricing is up YoY on both a click and an impression basis as social ads become more specialized, more targeted, and subsequently more valuable to advertisers.

Dynamic Ads for Products saw a big boost in clicks in Q2, driving up click-through rate. Mobile app install ads also had a positive impact on the overall trend.



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Kenshoo.com/Digital-Marketing-Snapshot

METHODOLOGY

Search and social results are based on five quarters of performance data managed on the Kenshoo platform from over 3,000 advertiser and agency accounts across 20 vertical industries and over 60 countries, spanning Google, Bing, Baidu, Yandex, Yahoo!, Yahoo! Japan and the Facebook® Audience Network. Some outliers have been excluded. The resulting sample includes more than 550 billion impressions, 11 billion clicks and \$6 billion (USD) in advertiser spend.

For charts showing spend and impressions/clicks, volume metrics have been normalized to a factor of 1 based on the initial volume for the first quarter of data. Data points from subsequent quarters are based on a multiplier from the first quarter. For example, 1.6 Means that volume is 60% greater than volume on the initial quarter measured.

Ad spending and CPC are measured using Ex-FX or "Constant Currency" adjustments, where results are based on native currency, and only translated to common currency after aggregation.

Note: There may be variation in numbers for past or future research published by Kenshoo as the rolling data set is dynamic for each new quarter.

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