

MOBILE COLOMBIA 2016

Updated Forecasts and Key
Growth Trends

JULY 2016

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MOBILE COLOMBIA 2016: UPDATED FORECASTS AND KEY GROWTH TRENDS

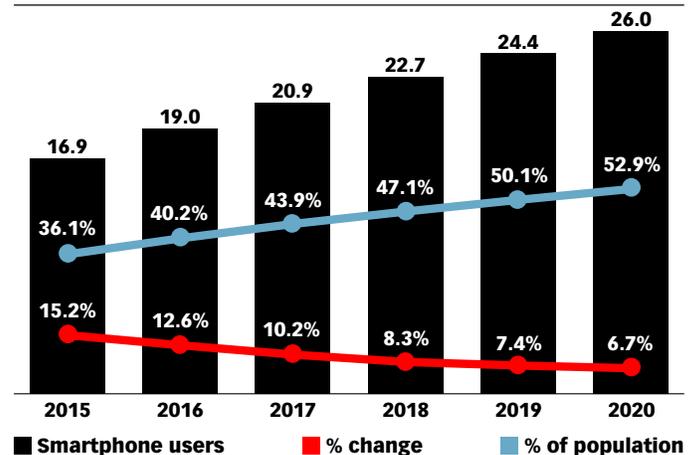
Now one of the top three smartphone markets in Latin America, Colombia continues to bank on a decade of steady economic growth and expanding mobile internet uptake among consumers. Advertisers are following suit, albeit slowly. eMarketer projects that mobile ad spending in the country will register robust double-digit growth rates through 2020.

- eMarketer estimates that Colombia's mobile user base will expand slightly to reach 33.0 million in 2016, which will represent 70.0% of the country's population.
- Fully 19.0 million individuals, or 40.2% of the country's population, will be smartphone users this year. Colombia ranks third in Latin America in the absolute number of smartphone users and second in penetration.
- Android devices garner the majority of smartphone page views and nearly two-thirds of tablet internet traffic in Colombia, according to comScore. Google's operating system powers 60.6% of tablet queries, but Apple's iOS still controls 38.8% of that category.
- eMarketer estimates that mobile ad spending will represent 20.4% of total digital ad spending in Colombia in 2016, a portion that puts it well below the 29.4% average in Latin America.
- Mirroring user trends, Android holds a commanding share of mobile ad impressions—roughly 70% to 85%, depending on the period and ad network. Surprisingly, iOS isn't always the runner up, as Windows has proved a stiff competitor, surpassing iOS in some scenarios.

WHAT'S IN THIS REPORT? This report examines eMarketer's latest estimates for mobile usage in Colombia, the economic and cultural traits affecting that usage and the composition of the user base. It also analyzes mobile ad spending by format, device, channel and operating system.

Smartphone Users and Penetration in Colombia, 2015-2020

millions, % change and % of population



Note: individuals of any age who own at least one smartphone and use the smartphone(s) at least once per month
Source: eMarketer, April 2016

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KEY STAT: A majority of consumers in Colombia will own and use a smartphone at least monthly by 2019, when penetration will reach 50.1% of the population, or 24.4 million smartphone users.

CONTENTS

- 2 Mobile Colombia 2016: Updated Forecasts and Key Growth Trends
- 3 The Current Mobile Picture in Colombia
- 10 Mobile Advertising
- 12 eMarketer Interviews
- 12 Related eMarketer Reports
- 12 Related Links
- 13 Editorial and Production Contributors

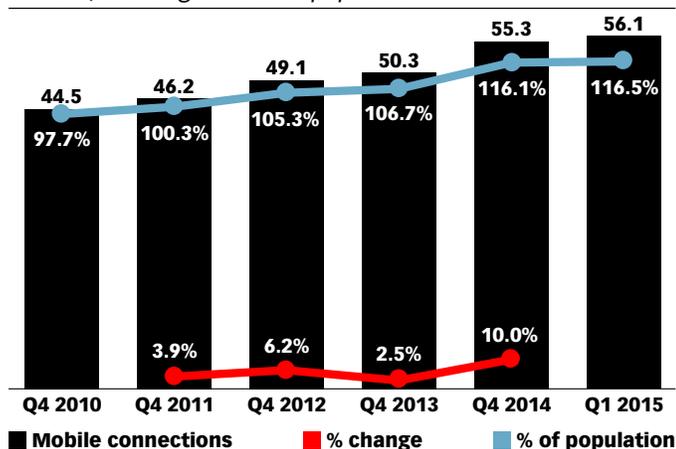
THE CURRENT MOBILE PICTURE IN COLOMBIA

Colombia is home to a flourishing mobile market—the result of a thriving, fairly open economy as well as federal initiatives that have helped with the incremental adoption of digital media, with a strong focus on mobile access.

Much like the rest of Latin America, Colombia is a mobile battleground between two global telecoms: Telefónica of Spain and América Móvil of Mexico. América Móvil has the upper hand in Colombia at the moment; its local subsidiary, Claro, controls 53.1% of the total 56.1 million mobile connections as of Q1 2015, the most recent period of data supplied by Ministerio de Tecnologías de la Información y las Comunicaciones (MinTIC), the country's telecom regulator. Telefónica's Movistar and Colombia Móvil's Tigo had market shares of nearly 23% and 17.3%.

Mobile connection penetration among the population stood at 116.5% in Q1 2015, one of the many signs that Colombia is one of the most mature and advanced mobile markets in the region.

Mobile Connections in Colombia, Q4 2010-Q1 2015
millions, % change and % of population



Source: Ministerio de Tecnologías de la Información y las Comunicaciones (MinTIC); eMarketer calculations, 2015

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Similarly, full-year estimates by 451 Research put the number of mobile connections in Colombia at 56.4 million in 2015. Connections are projected to reach 62.5 million in 2020.

Roughly eight in 10 mobile connections are prepaid, according to MinTIC. An 80%-20% split between prepaid and postpaid mobile connections has been steady since 2010, largely due to consumers' need to watch their spending in mobile services. According to a 2016 "Connected Society" report, GSMA Intelligence estimates that the cost of mobile ownership among the bottom 40% of the population in Colombia represents 21% of their pretax income (costs were based on a prepaid plan of 500 megabytes with a Nokia 215 smartphone). This typical cost is well above the 5% of income GSMA believes is a reasonable target for the price of mobile phone service.

Mobile's near ubiquity in Colombia is largely the result of the federal government's Vive Digital program, a five-year plan focusing on mobile connectivity to support widespread internet adoption. After successfully enabling internet uptake among consumers through the iteration between 2010 and 2014, the current Vive plan running through 2019 concentrates on the digitization of all government functions, as well as the development of a technological ecosystem to help enterprises embrace digital means of doing business.

However, concerns about Colombia's economy in the past 18 months have partly affected mobile uptake. Alarms went off when the Colombian peso, which had been sliding since late 2014, began to fall more quickly. It lost over a third of its value against the dollar in 2015, according to the Economic Commission for Latin America and the Caribbean (ECLAC, or known in Spanish as CEPAL).

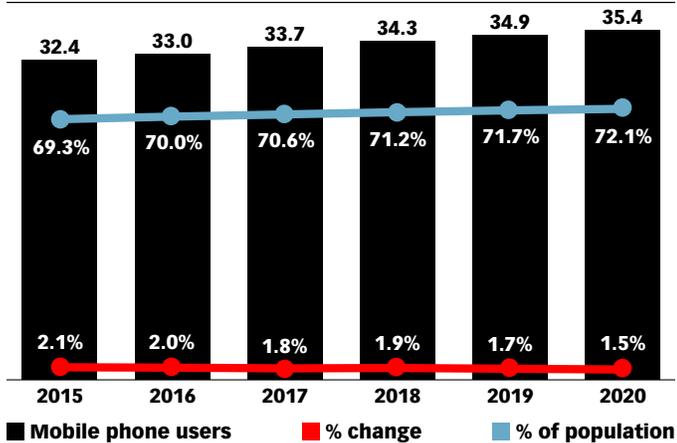
Although many economists and businesspeople feared that inflation would lead to an economic meltdown, as it had in the past, Colombia's economic output has slowed but managed to remain relatively healthy—and above the regional average. According to the April 2016 "World Economic Outlook" from the International Monetary Fund (IMF), Colombia's GDP expanded 3.1% in 2015 and will swell 2.5% this year. In contrast, Latin America as a whole has been dragged down by Argentina, Brazil and Venezuela, all of which will post negative growth this year. Latin America's GDP shrunk by 0.1% in 2015 and is set to decline 0.5% this year.

Mobile phone user growth in Colombia has slowed, but only slightly. eMarketer estimates that the number of individuals using such a device at least monthly reached 32.4 million in 2015—a 2.1% year-over-year increase. That number will rise to 33.0 million in 2016 and 35.4 million by 2020, the end of the forecast period.

Seven in 10 consumers will be mobile phone users in 2016—one of the highest penetration rates in Latin America, eMarketer estimates. By that metric, the country will trail only Chile (73.9%) and Argentina (71.4%) and be above the 65.9% regional average. By 2020, nearly three-quarters (72.1%) of the population in Colombia will be regular mobile phone users, with user growth of 1.5%.

Mobile Phone Users and Penetration in Colombia, 2015-2020

millions, % change and % of population



Note: individuals of any age who own at least one mobile phone and use the phone(s) at least once per month
Source: eMarketer, April 2016

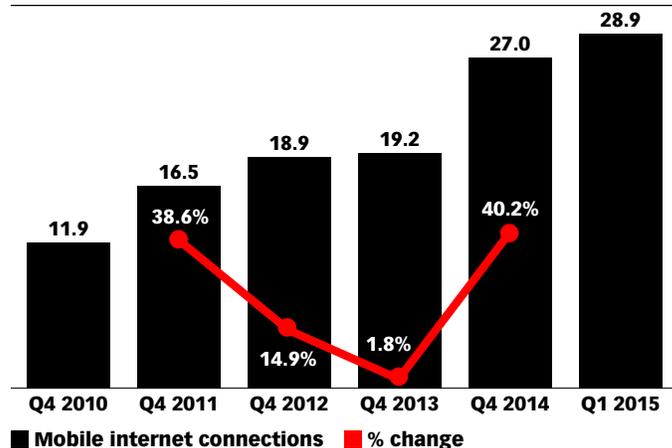
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No doubt partly due to Vive Digital's efforts, mobile internet subscriptions skyrocketed from 11.9 million to 28.9 million between Q4 2010 and Q1 2015, MinTIC found. The Q1 estimate was 47.4% higher than 12 months prior in Q1 2014.

Mobile Internet Connections in Colombia, Q4 2010-Q1 2015

millions and % change



Source: Ministerio de Tecnologías de la Información y las Comunicaciones (MinTIC); eMarketer calculations, 2015

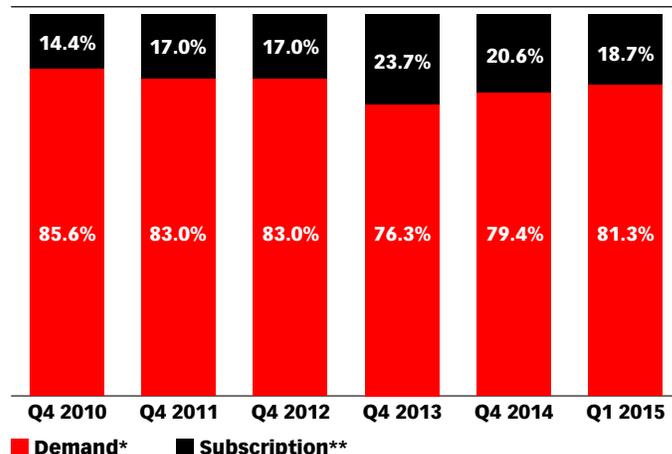
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Subscribers to mobile internet services strongly prefer "demand" contracts, which put spending control in their hands. MinTIC defines this term as contracts in which users pay for the data in blocks, whether on a prepaid or postpaid method. Demand contracts had an 81.3% market share in Q1 2015, with the remainder subscription contracts, in which consumers pay a basic monthly fee for mobile internet access (much like a typical postpaid data plan in the US).

Mobile Internet Connection Share in Colombia, by Contract Type, Q4 2010-Q1 2015

% of total



Note: *consumers who pay for data in blocks (data demand) whether prepaid or postpaid; **consumers who pay a basic monthly fee
Source: Ministerio de Tecnologías de la Información y las Comunicaciones (MinTIC); eMarketer calculations, 2015

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The number of demand-based mobile internet users in Colombia totaled 23.5 million in Q1 2015, according to MinTIC. Of those, 87.9% had a prepaid plan and 12.1% were postpaid, another sign of the importance mobile users place on spending control.

MOBILE DEVICES

According to GSM Intelligence, voice-only mobile users in Colombia are in the minority, at 20% of the population. Mobile phone users with data plans linked to 2G devices—likely feature phones—make up 22% of the population, and 24% have mobile internet subscriptions linked to 3G and 4G smartphones. One-third of the population don't use mobile phones at all.

Mobile internet access is particularly strong in urban centers. According to an April 2016 survey from the Departamento Administrativo Nacional de Estadística (DANE), 58.3% of internet users in urban areas said they accessed the web via mobile phone last year, roughly the same amount who accessed it via desktop. Only 35.0% of respondents living in rural areas used mobile phones to go online, while 64.1% of them used a desktop. Laptops, which arguably offer some mobility, were used for web access by one-third of urban internet users but less than one-quarter of rural users.

Internet Access Devices Among Internet Users in Colombia, by Geographic Locale, 2015

% of respondents in each group

	Rural	Urban	Total
Desktop	64.1%	58.2%	58.9%
Mobile phone	35.0%	58.3%	55.5%
Laptop	23.5%	33.1%	31.9%
Tablet	5.3%	13.1%	12.1%
Other*	0.5%	3.3%	3.0%

Note: ages 5+ who use the internet from any location and via any device; *includes but is not limited to video game consoles and digital music/video players

Source: Departamento Administrativo Nacional de Estadística (DANE), "Encuesta Nacional de Calidad de Vida (ECV)," April 7, 2016

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Smartphones

eMarketer estimates that the number of smartphone users in Colombia will increase 12.6% in 2016, far outpacing the 2.0% growth expected for overall mobile phone users.

Colombia's relatively stable economy and larger population propelled it past Argentina as one of the top three smartphone markets in Latin America at the early stages of adoption. The smartphone user gap between these two South American neighbors has widened recently: Colombia, which had less than 1 million more smartphones than Argentina in 2010, now has nearly 3 million more.

Recent price improvements in mobile services have been helpful, but not enough to counter still-high device costs that have held back greater smartphone uptake. According to older but indicative data from trade group Asomóvil, the average cost per minute of voice calls dropped 8.4% in 2014, and the average cost per gigabyte of data declined 18.7%.

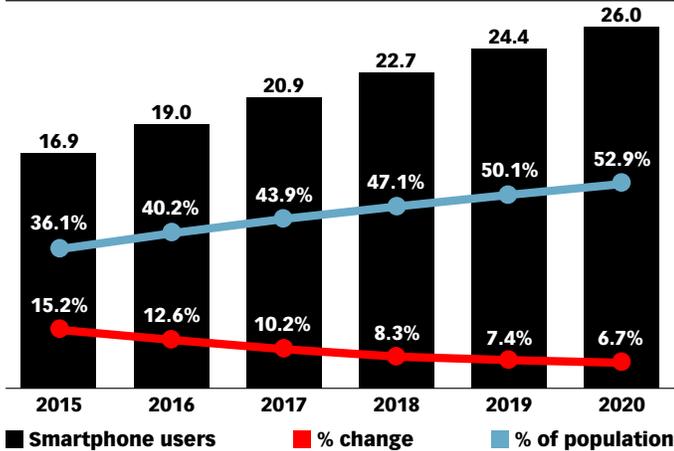
However, an iPhone 6S with 64 gigabytes of memory currently sells for COP3.3 million (\$1,186) on Claro's website in Colombia. The same device is sold for \$749 by Apple in the US. The price difference is likely the result of recent weakness by the Colombian peso's fall against the dollar as well as general inflation.

Data plans are also convoluted due to local regulations. Data plans require that consumers make lots of decisions about their plan, such as choosing data allowance increments by the GB, the number of in-network connections they can make unlimited calls or texts to, and whether to include unlimited access to select apps or web services.

Colombia's smartphone user base will reach 19.0 million in 2016, equivalent to 40.2% of the population and nearly six in 10 (57.5%) mobile phone users. Among countries in Latin America, Colombia trails only the two regional giants, Brazil (64.0 million) and Mexico (44.2 million) for smartphone users.

Smartphone Users and Penetration in Colombia, 2015-2020

millions, % change and % of population



Note: individuals of any age who own at least one smartphone and use the smartphone(s) at least once per month
Source: eMarketer, April 2016

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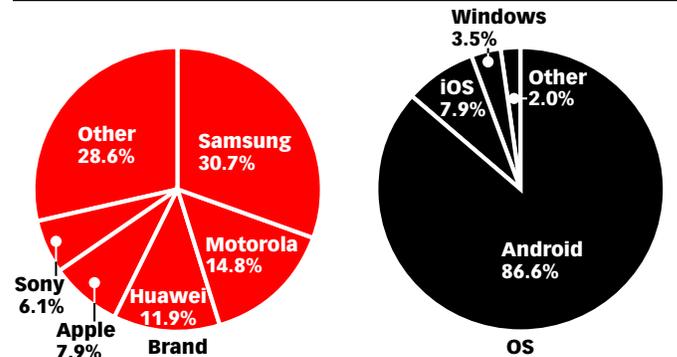
eMarketer estimates that 2019 will be the tipping point for smartphone penetration in Colombia, when more than half of the population (50.1%) will be smartphone users for the first time, totaling 24.4 million people and representing 69.8% of mobile phone users.

Household income is probably the most important factor determining whether a consumer in Colombia acquires a smartphone. The go-to operating system for low-cost devices, Android held an 86.6% share of smartphones in use, according to comScore data from September 2015.

Samsung was the leading original equipment manufacturer (OEM) with a 30.7% share, comScore found, followed by Motorola (14.8%) and Huawei (11.9%), all offering a number of highly affordable devices which likely make up the bulk of their respective sales. Apple, whose phones generally target those with the highest incomes in Colombia, held steady with a 7.9% market share.

Share of Smartphones in Use in Colombia, by Brand and OS, Sep 2015

% of total



Source: comScore Device Essentials, Nov 23, 2015

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Age and gender also helped determine smartphone uptake among mobile phone users in Colombia. Males and younger consumers in general are more likely to use a smartphone, according to data compiled by the World Wide Web Foundation. In June 2015, 62% of male mobile phone users residing in urban areas owned or had access to a smartphone, compared with 56% of urban females.

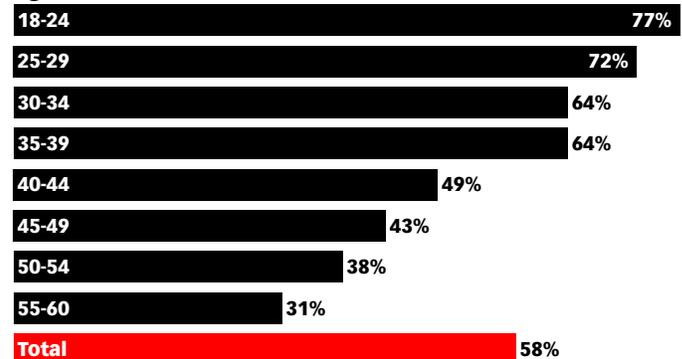
Urban Mobile Phone Users in Colombia Who Own/Have Access to a Smartphone, by Demographic, June 2015

% of respondents in each group

Gender



Age



Note: n=983 (734 female and 249 male)

Source: World Wide Web Foundation, "Women's Rights Online: Translating Access into Empowerment," Oct 21, 2015

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When broken down by age, at least seven in 10 mobile phone users younger than 30 had a smartphone available to them, with the highest penetration rate, 77%, among those ages 18 to 24. (Note that the World Wide Web Foundation study focused on women's online rights and had only 249 male respondents compared with 734 females.)

Tablets

According to a January 2016 study from Qualcomm Innovation Society Index (QuISI) conducted by IDC, only 5% of adult internet users in Colombia said they owned a tablet or ereader last year. In addition, 53% of respondents didn't have plans to buy one at the moment, while 21% said they may do so next year. Only 24% of respondents had concrete plans to buy a tablet.

Connected Devices Owned by Internet Users in Select Countries in Latin America, 2015

% of respondents

	Argentina	Brazil	Colombia	Mexico
Video game console	57%	48%	37%	41%
Printer	15%	4%	10%	2%
Home theater/smart TV	8%	8%	8%	17%
Security camera	4%	17%	24%	12%
Tablet/ereader	4%	6%	5%	4%
Wearable	0%	1%	0%	4%
Other	9%	16%	15%	19%

Note: ages 18+

Source: Qualcomm Innovation Society Index (QuISI) 2015 conducted by International Data Corporation (IDC), Jan 2016

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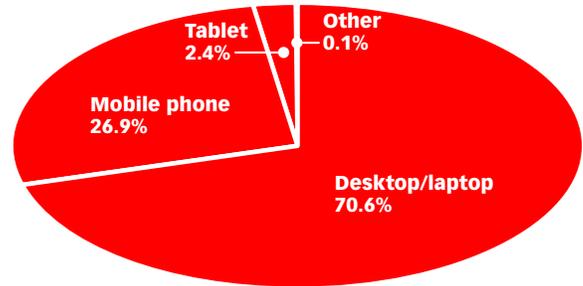
Given that consumers tend to share tablets more than smartphones, the base of tablet users is larger. The April 2016 ECV survey from DANE found that 12.1% of internet users ages 5 and older in Colombia went online via tablets last year. Urban internet users lifted the national average; 13.1% of those residents accessed the web using tablets, while only 5.3% of respondents in rural communities did so.

MOBILE INTERNET TRAFFIC

Mobile phones drove 26.9% of online page views in Colombia during February 2016, according to comScore, while tablets contributed 2.4%. Desktops and laptops combined were still responsible for the majority of traffic, with a 70.6% share.

Page View Share in Colombia, by Device, Feb 2016

% of total



Source: comScore Device Essentials, April 7, 2016

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Despite PCs' dominance of web traffic, mobile phone internet access is more frequent, if likely in shorter bursts. According to the World Wide Web Foundation, 74% of internet users accessing the web using their personal mobile phone do so several times per week. The second most-cited option among respondents was the combination of desktops, laptops and tablets at home, with 57% doing so multiple times per week, but only one-third doing so nearly every day.

Frequency with Which Urban Internet Users in Colombia Access the Internet, by Device/Location, June 2015

% of respondents

Personal mobile phone



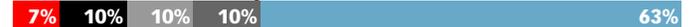
Home desktop/laptop/tablet



Work desktop/laptop/tablet



Someone else's mobile phone



Desktop/laptop/tablet at friend or family member's house



Public computer with paid access (e.g., internet cafe)



Public computer with free access (e.g., at a community center, library, park, school, shopping center or university)



3%

■ 5-7 days per week

■ Up to 10 days per month

■ Don't know

■ 2-4 days per week

■ Never

Note: n=735 (541 female and 194 male) ages 18-60

Source: World Wide Web Foundation, "Women's Rights Online: Translating Access into Empowerment," Oct 21, 2015

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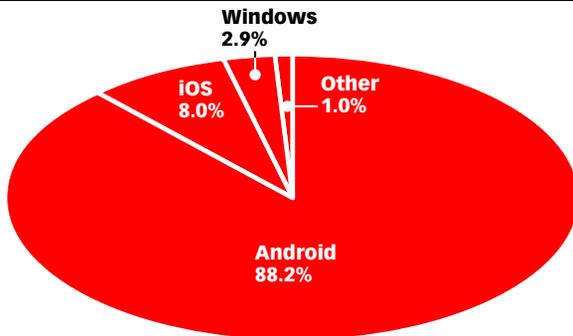
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All other device/location combinations in the survey were so rare that the most common answer to them was "don't know," followed by "never" in most cases.

Traffic by Operating System

Android is responsible for almost the entirety of mobile page views in Colombia; comScore data from February 2016 found Android commanding an 88.2% share. Coming in a distant second place, iOS mustered an 8.0% market share. These traffic numbers are in line with the smartphone share discussed earlier.

Mobile Phone Page View Share in Colombia, by OS, Feb 2016
% of total



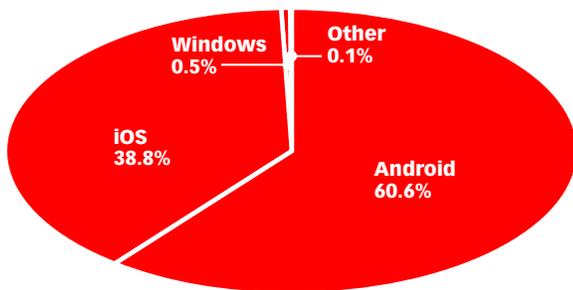
Note: numbers may not add up to 100% due to rounding
Source: comScore Device Essentials, April 7, 2016

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Android's lead was somewhat smaller among tablets. comScore found that Google's operating system powered nearly two-thirds (60.6%) of tablet internet traffic, and iOS covered nearly all the rest, at 38.8%.

Tablet Internet Traffic Share in Colombia, by OS, Feb 2016
% of total



Source: comScore Device Essentials, April 28, 2016

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MOBILE ACTIVITIES

News and information sites are the leading mobile browser category in Colombia, with 10.6 million unique visitors on smartphones and 938,000 via tablets, comScore found. Entertainment, which includes all digital video, was the second most-visited category in the survey, with nearly 9 million unique visitors via both mobile devices.

Social media, a category that is usually popular among consumers in Latin America, ranked a relatively modest sixth place, with close to 4.5 million unique visitors in February 2016—substantially up from 2.9 million in December 2015. In all likelihood, the audience counts for social media and the entertainment classifications (which includes music streaming and digital video consumption) are lower due to comScore's exclusion of mobile apps, which drive much of the activity in both categories.

Leading Smartphone vs. Tablet Web Categories in Colombia, Ranked by Unique Visitors, Feb 2016
thousands

	Smartphone	Tablet
News/information	10,589	938
Entertainment	7,685	691
Portals	5,847	674
Lifestyle	5,187	448
Directories/resources	4,416	512
Social media	3,963	387
Sports	3,198	239
Business/finance	2,515	193
Technology	2,316	242
Health	1,711	143
Career services and development	1,450	116
Family & youth	1,288	113
Travel	727	74
Real estate	666	84
Automotive	538	71
Games	497	98
Services	471	100
Retail	429	50
Search/navigation	424	34
Education	284	34

Note: via browser only; top 20 categories by smartphone visitors shown
Source: comScore Mobile Metrix, April 7, 2016

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Digital video consumption via smartphone is particularly popular among mobile users in Colombia. Millward Brown estimates that mobile phone users in the country spent 4 hours, 19 minutes per day watching video via any device or channel—traditional or digital—as of July 2015. Colombia's total average of daily video viewing was second only to Nigeria's 4 hours, 32 minutes among the 10 countries researched.

Fully 28% of all video viewing time in Colombia took place on smartphones, the second-highest portion by device, trailing only live TV (31% of total) in the domestic market and overshadowing on-demand TV (17%) and computers (16%).

Share of Daily Time Spent Viewing Video Among Mobile Users* in Select Countries, by Device/Channel, July 2015

minutes and % of total

	Live TV	Smartphone	Computer	On-demand TV	Tablet	Total minutes
Argentina	39%	16%	18%	19%	9%	228
Brazil	32%	24%	15%	22%	7%	240
Canada	24%	17%	17%	32%	11%	212
Colombia	31%	28%	16%	17%	7%	259
Kenya	30%	26%	20%	17%	8%	236
Mexico	23%	27%	16%	23%	11%	240
Nigeria	39%	26%	16%	10%	9%	272
Saudi Arabia	21%	32%	17%	20%	10%	224
South Africa	32%	15%	19%	25%	9%	215
US	31%	18%	10%	33%	9%	202

Note: ages 16-45; numbers may not add up to 100% due to rounding; *respondents own or have access to both a TV and either a smartphone or a tablet

Source: Millward Brown, "AdReaction: Video Creative in a Digital World" conducted by On Device Research, Oct 14, 2015

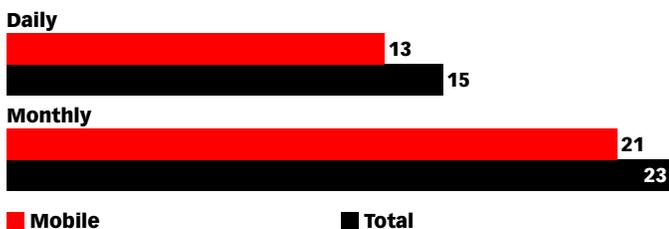
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Mobile social media user estimates are harder to come by in Colombia, but existing data can be pieced together to give an indication of uptake and usage trends. Data shared with eMarketer by Facebook, the dominant social media asset across the Americas, shows that the property had 23 million monthly active users (MAUs) in Colombia during Q4 2015. Some 91.3% of them, or 21 million, were mobile monthly active users.

Mobile vs. Total Active Facebook Users in Colombia, by Frequency, Q4 2015

millions



Source: Facebook, March 2, 2016

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eMarketer projects that 82.6% of Facebook users in Latin America will access their profile via mobile phones at least monthly in 2016. The equivalent figure for Mexico, the leading regional market in the category, is an estimated 86.1%. (Note: eMarketer's social media projections tend to be lower for both the overall category and individual properties because of an attempt to discount corporate profiles, fake accounts, bots, etc.)

Roughly one-third (36.4%) of the population in Latin America will be mobile phone social network users this year. Under the assumption that Colombia sits toward the upper end of that regional average, and given that DANE estimates that the population will reach 48.8 million in 2016, Colombia's mobile social network user base would be on the order of 17.8 million this year.

As far as usage patterns go, comScore estimates that the vast majority (91.5%) of mobile social media users via browser use a smartphone for that purpose. Counting both tablets and smartphones, Android was used for more than three-quarters (76.8%) of mobile social media sign-ins during December 2015.

Mobile Social Media Users in Colombia, by Device and OS, Dec 2015

thousands and % of total

	Mobile social media users	% of total
Device		
Smartphone	2,651	91.5%
Tablet	248	8.5%
OS		
Android	2,226	76.8%
iOS	673	23.2%
Device and OS		
Android phone	2,109	72.8%
iPhone	542	18.7%
iPad	131	4.5%
Android tablet	117	4.0%
Total	2,899	100.0%

Note: via browser only; numbers may not add up to total due to rounding
Source: comScore Mobile Metrix; eMarketer calculations, Jan 28, 2016

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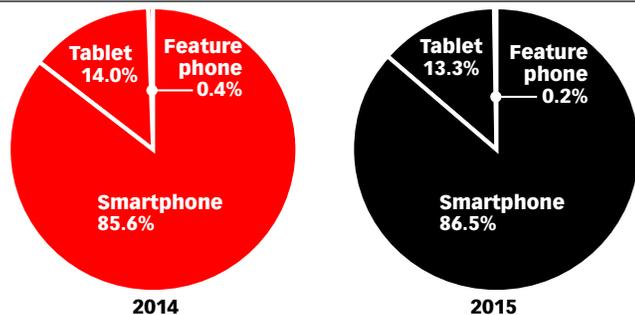
MOBILE ADVERTISING

Marketers in Colombia have been cautious about embracing mobile. Considering the large numbers of consumers already accessing the web via smartphones and (to a lesser degree) tablets, mobile ad spending remains tentative at best.

Smartphones receive most of the mobile ad impressions served in Colombia. According to data provided by InMobi, smartphones accounted for 86.5% of mobile ads served by the company last year, up 0.9 percentage points since 2014. This data set also showed that 83.3% of mobile ads were served via apps in the country in 2015, up from 79.1% the previous year.

Mobile Ad Impression Share in Colombia, by Device, 2014 & 2015

% of total on InMobi's network



Note: represents activity on InMobi's network, broader industry metrics may vary
Source: InMobi, April 6, 2016

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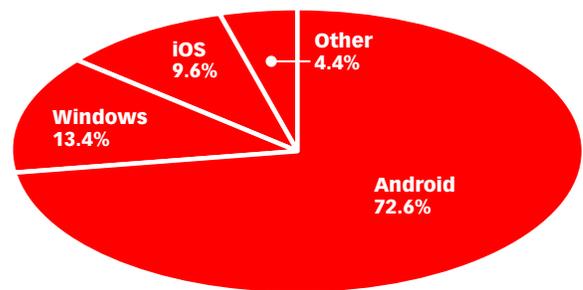
Other sources showed similar market patterns. According to data provided to eMarketer by Adsmovil, mobile apps received 70.0% of ad impressions in Q1 2016, with browsers getting the rest. Colombia was the fourth-largest Adsmovil market in Latin America by number of mobile ad impressions, with 12.4 billion during this period, closely behind Argentina's 12.8 billion.

InMobi served 87.1% of mobile ads to Android devices in 2015, up from 76.6% in 2014. iOS came in second both years, reaching a 9.6% market share in 2015, a decrease of 2.5 percentage points from the previous year. BlackBerry, however, dropped from 9.4% to 2.1% during the same period. Windows' share stood at 1.0% in 2015.

More recently, Adsmovil served 72.6% of mobile ad impressions to Android devices in Colombia in Q1 2016. Windows came in second, with a sizable 13.4% market share, ahead of the 9.6% of mobile ads that landed on iOS devices.

Mobile Ad Impression Share in Colombia, by OS, Q1 2016

% of total on Adsmovil network



Note: represents activity on Adsmovil's network, broader industry metrics may vary

Source: Adsmovil; eMarketer calculations, May 9, 2016

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As far as the top mobile advertising categories go, games led the InMobi ranking with a 40.5% share of mobile ad impressions in 2015, significantly higher than the 30% it registered in 2014. The entertainment category came in second both years, with its share rising from 24% to 29.6%. And despite its popularity among consumers, the share of mobile impressions held by the social and communication category dropped from 22.0% to 11.8% during the same period, though it ranked third in both years.

MOBILE AD SPENDING

Given Colombia's fairly strong smartphone penetration figures, it may be surprising that its mobile ad spending isn't further along. "Digital ad spending in Colombia remains very low despite the quasi-mass media status [of the internet]," said Olga Britto, managing director at the Interactive Advertising Bureau Colombia (IAB Colombia).

The simplest explanation is that advertisers' needs are being met through existing options. TV, newspapers, magazines and radio are holding their ground as ad platforms—though newspapers and magazines do not separately report digital ad revenues. What's more, such formats are expected to remain highly relevant for the immediate future because they make it easy to advertise.

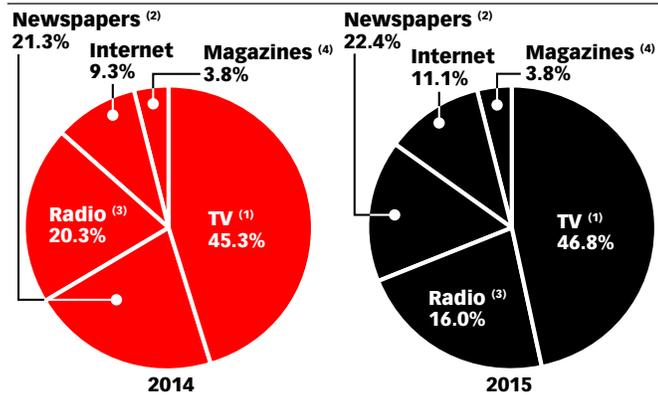
In addition, advertising sales models that benefit traditional media remain largely unchanged among local publishers in Colombia, resulting in less impetus to tap into digital properties and their growing mobile audiences. "Media agencies have incentives that promote investment in traditional media," said Jorge Alberto Ríos Molina, brand manager at Movistar Colombia. "Many of these stimuli do not exist in new [digital] media, which in

turn perpetuates the old model and a traditional [media-] heavy distribution of advertising budgets.”

In 2015, internet ad spending in Colombia reached 11.1% market share, up nearly 2 percentage points from the year before, according to Asociación Nacional de Medios de Comunicación (ASOMEDIOS) and Asociación Colombiana de Editores de Diarios y Medios Informativos (ANDIARIOS) cited by IAB Colombia and PricewaterhouseCoopers (PwC).

Total Media Ad Spending Share in Colombia, by Media, 2014 & 2015

% of total



Note: numbers may not add up to 100% due to rounding; (1) includes local, regional and national TV; (2) excludes classifieds; (3) excludes communal stations and online radio stations; (4) excludes magazine supplements attached to newspapers

Source: Asociación Nacional de Medios de Comunicación (ASOMEDIOS), Asociación Colombiana de Editores de Diarios y Medios Informativos (ANDIARIOS) and Interactive Advertising Bureau Colombia (IAB Colombia) as cited in Interactive Advertising Bureau Colombia (IAB Colombia) and PricewaterhouseCoopers (PwC), "Reporte sobre la inversión en medios digitales en Colombia"; eMarketer calculations, Feb 26, 2016

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IAB Colombia and PwC estimate that digital ad spending reached COP278.6 billion (\$101.6 million) in 2015. Of that, 7.0%—COP19.5 billion (\$7.1 million)—went toward mobile ads.

Rich media, apps and video were the three fastest-expanding mobile formats in Colombia, with growth rates of 275.9%, 177.0% and 142.0%, respectively.

Banner ads took the bulk of mobile ad spending last year with a 43.2% share, down from 49.1% the year before. Mobile search ad spending held on to its second-place ranking but also lost share, dropping 3.9 percentage points to 24.4%.

Though marketers in Colombia are seemingly testing just about any mobile ad format, the minuscule 7% allocation for mobile communications within digital budgets, and the dominance by the two most basic and well-known formats—banners and search—are also indicative of the still-prevalent skepticism about mobile advertising overall.

Mobile Ad Spending in Colombia, by Format, 2014 & 2015

millions of Colombian pesos, % of total mobile ad spending and % change

	2014	% of total mobile ad spending	2015	% of total mobile ad spending	% change
Banner ads	4,939.3	49.1%	8,423.2	43.2%	70.5%
Search—search network	2,847.4	28.3%	4,764.8	24.4%	67.3%
Video	1,262.6	12.6%	3,055.1	15.7%	142.0%
Rich media	636.1	6.3%	2,391.6	12.3%	275.9%
Apps	271.3	2.7%	751.3	3.9%	177.0%
SMS	101.1	1.0%	120.4	0.6%	19.0%
Total mobile ad spending	10,057.9	100.0%	19,506.4	100.0%	93.9%

Note: numbers may not add up to total due to rounding
Source: Interactive Advertising Bureau Colombia (IAB Colombia) and PricewaterhouseCoopers (PwC), "Reporte sobre la inversión en medios digitales en Colombia"; eMarketer calculations, Feb 26, 2016

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eMarketer’s definition of mobile internet ad spending includes display (banners, video and rich media) and search but excludes SMS, MMS and P2P-based messaging. Under that definition, expenditures in mobile ads will rise 95.0% to reach \$272 million in 2016. Growth rates will remain well within double-digit territory for the rest of the decade, increasing 25.0% even in 2020, when \$137.3 million will be allocated to mobile internet outlays.

At that point, roughly two-thirds (67.3%) of all digital ad spending in Colombia will be mobile, up from the 20.4% share predicted for 2016.

Total Media, Digital and Mobile Internet Ad Spending in Colombia, 2015-2020

	2015	2016	2017	2018	2019	2020
Total media ad spending* (millions)	\$1,080.2	\$1,134.3	\$1,168.3	\$1,209.2	\$1,233.4	\$1,251.9
—% change	6.0%	5.0%	3.0%	3.5%	2.0%	1.5%
Digital ad spending** (millions)	\$114.0	\$133.3	\$153.3	\$171.7	\$188.9	\$204.0
—% change	18.0%	17.0%	15.0%	12.0%	10.0%	8.0%
—% of total media ad spending	10.5%	11.8%	13.1%	14.2%	15.3%	16.3%
Mobile internet ad spending*** (millions)	\$14.0	\$27.2	\$49.0	\$78.5	\$109.9	\$137.3
—% change	120.0%	95.0%	80.0%	60.0%	40.0%	25.0%
—% of digital ad spending	12.3%	20.4%	32.0%	45.7%	58.2%	67.3%
—% of total media ad spending	1.3%	2.4%	4.2%	6.5%	8.9%	11.0%

Note: converted at the exchange rate of US\$1=COP2,743.26; *includes digital (desktop/laptop, mobile and other internet-connected devices), directories, magazines, newspapers, out-of-home, radio and TV; **includes advertising that appears on desktop and laptop computers as well as mobile phones, tablets and other internet-connected devices, and includes all the various formats of advertising on those platforms; excludes SMS, MMS and P2P messaging-based advertising; ***includes display (banners, video and rich media) and search; excludes SMS, MMS and P2P messaging-based advertising; includes ad spending on tablets
Source: eMarketer, March 2016

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Marketers considering mobile advertising in Colombia will likely benefit from a fast-growing smartphone user base supported by what are arguably the most progressive and effective digital policies from any government in the region. Federal policy upheld by MinTIC has been instrumental in using mobile connectivity to make internet adoption in the country more widespread.

In Colombia, as elsewhere, mobile is rapidly becoming the main gateway to web content. But reaching world-class mobile ad spending levels will require a great deal of effort to adapt English-dominated industry jargon to an audience of Spanish speakers, many of whom find current methods convoluted. Instead, marketers in Colombia tend to opt for traditional media, sold using familiar methods and with a still-impressive amount of reach.

EMARKETER INTERVIEWS



Olga Britto
Managing Director
Interactive Advertising Bureau Colombia
Interview conducted on August 27, 2015



Jorge Alberto Ríos Molina
Brand Manager
Movistar Colombia
Interview conducted on August 28, 2015

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