



IAB 2018 Video Ad Spend Study

2018 Digital Content NewFronts



What Advertisers Think™

The More You Know

The Stronger Your Brand

The More You'll Sell™



Video Ad Spend Study

April 2018

Methodology

- **353 total respondents**
- All interviews conducted online
- Incentives include cash and sweepstakes entry

Timeframe: March 6 – March 16 2018

Sample: Marketer & Agency contacts from The Advertiser Perceptions Media Decision Maker Database, and third-party databases as needed.

Qualification:

- Involved in Digital Video Advertising Decision-Making
- \$1M+ Total Annual Ad Spend
- Minimum of a modest understanding of the Digital Content NewFronts

Note: Throughout the report 'Original Digital Video Content' refers to programming (not advertising) that is professionally produced specifically for digital/online consumption.

Digital-Primary: Refers to advertisers who use Digital Budgets as the primary source for Digital Video Advertising

TV-Primary: Refers to advertisers who use TV Budgets as the primary source for Digital Video Advertising

Directional Data: Some findings in the presentation could reflect data with low bases.



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Respondent profile snap shot

Profile of Respondents (353)	Total
Agency	43%
Marketer	57%
Senior (VP+) Job Title	52%
Mid (Director) Job Title	35%
Junior Job Title	13%
Digital video advertisers	100%
Mobile video advertisers	82%
TV advertisers	73%
Advanced TV advertisers	66%

	Total
<u>TV-Primary</u> Digital Video Budget Source	11%
<u>Digital-Primary</u> Digital Video Budget Source	89%
Plan to Attend 2018 NewFronts	68%
Automotive sector	12%
Financial Services sector	15%
Food & Beverage sector	7%
Health & Beauty sector	7%
Household Goods sector	16%
Retail sector	12%
Telecom sector	7%



Video Ad Spend Study

April 2018

Key Highlights – Digital Video Landscape

- Continued Focus on Digital Video
 - Half of Advertisers will increase spending on digital video, mobile video, and Advanced TV.
 - On average, Advertisers will spend more than \$10 million annually for their brand's Digital and Mobile Video, a 53% increase from 2016.
 - Two-thirds of advertisers will shift funds from TV budgets to fund their Digital Video advertising.
- Direct To Consumer Trends
 - Advertisers agree that Original Digital Video is effective for advertising direct to the consumer
 - As direct to consumer *video sites* proliferate, investment in ODV will grow
 - Nearly 9 in 10 Advertisers agree that:
 - Direct to consumer advertising offers more data with which to track the ad's impact
 - Advertisers will increasingly bring more advertising functions in-house, advertising direct to the consumer
- Native Advertising is widely used in ODV advertising
 - Two-thirds of ODV advertisers have spent on Native Advertising opportunities
 - Half have increased their ODV advertising allocation to native YOY



Video Ad Spend Study

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Key Highlights – Original Digital Video and the NewFronts

- Original Digital Video Spending & Trends
 - Robust growth: Ad spending on original digital programming has grown by 68% since 2016, driven heavily by Agencies
 - More than 8 in 10 Advertisers indicate that ODV advertising is an essential part of their media buy
 - Perceptual momentum: More than 80% of Video advertisers agree that ODV:
 - ...reaches an audience that can't be reached on TV
 - ... allows for more prominent placing and branding
- Digital Content NewFronts: Impact and Importance
 - Attendance: 67% of video advertisers plan to attend the 2017 NewFronts
 - Quality of Programming: This year, Advertisers are focusing on the quality of programming to help choose between ODV brands
 - Spending
 - The NewFronts event is poised to capture a full 40% of advertisers original digital video budgets
 - 8 in 10 advertisers agree that their attendance at the 2017 NewFronts resulted in increased spending on Original Digital Video content



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Opportunities/Recommendations

- Best Practices for Original Digital Video selling:
 - ✓ Content, Content, Content: Advertisers' top consideration for choosing ODV partners is quality programming. And while targeting is important, 7-in10 advertisers say that the quality of the site or app where the video appears is at least as important in driving ROI of their video investment
 - ✓ Promote Native and Integration Opportunities: Two-thirds of advertisers allocated budget to native opportunities last year and half of advertisers expect to increase the amount of their ODV budget that will go to Native opportunities in the next 12 months
 - ✓ Viewability: Be prepared to manage concerns around Viewability – particularly among buyers who are generally focused on TV
 - ✓ Price is a top challenge for ODV buyers – be able to demonstrate the ROI for your advertisers
 - ✓ Cross-Platform: Understand advertisers' desire to create cross-platform campaigns, and measure them. 83% of advertisers think cross-platform measurement has improved significantly from 2017
 - ✓ Know the competition: Advertisers expect to spend as much on Advanced TV in the next 12 months as on digital video
 - ✓ Messaging: Make the case that ODV is an essential component of their overall Video strategy. Growing consumer demand for Original Digital Video content, particularly among desirable, hard-to-reach audiences. Greater perceived engagement with ODV content.

Digital and Mobile Video



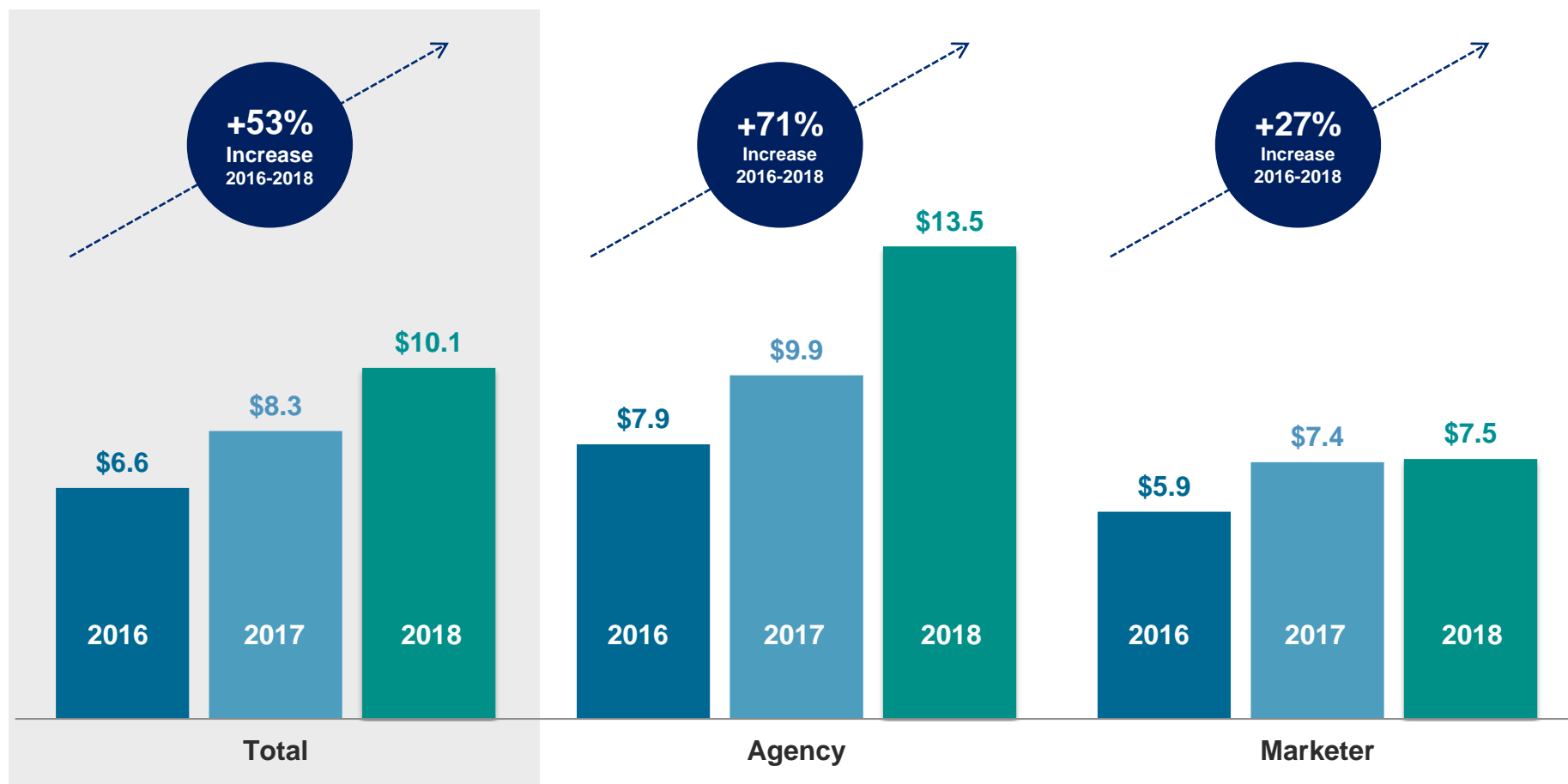
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Advertisers will spend more than \$10 million, on average, on their brand's digital/mobile video advertising in 2018. Agency spend has increased sharply YOY

Average Dollar Amount Spent on Digital/Mobile Video Advertising—3 Year Trend (in millions)

● = % Change in Digital/Mobile Video Dollar Spend 2016 – 2018



Q143: Previously you said your company will spend [INSERT RANGE] on digital video/mobile video in 2018. We'd like to get a bit more detail on that and prior year's spending. To the best of your knowledge, what exactly was that spending amount in 2016 and 2017? What do you anticipate spending in 2018?
Base: Total Respondents






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Household Goods
Saw the Sharpest
Increase in
Digital/Mobile Video
Spend
More Than Doubling
Since 2016

Spending on digital/mobile video advertising increased across all market sectors over the past 3 years

2018 Average Dollar Amount Spend in Millions on Digital/Mobile Advertising by Market Sector

		Change since 2016
	TOTAL	\$10.1 M +53%
	AUTO	\$12.6 M +27%
	HEALTH & BEAUTY	\$7.2 M +99%
	FOOD & BEVERAGE	\$9.0 M +19%

		Change since 2016
 HOUSEHOLD GOODS/CPG	\$11.2 M	+159%
 FINANCIAL	\$10.8 M	+53%
 RETAIL	\$7.5 M	+36%
 TELECOM	\$12.3 M	+50%

Q143: Previously you said your company will spend [RANGE] on digital video /mobile video in 2018. We'd like to get a bit more detail on that and prior year's spending. To the best of your knowledge, what exactly was that spending amount in 2016 and 2017? What do you anticipate spending in 2018?
Base: Total Respondents

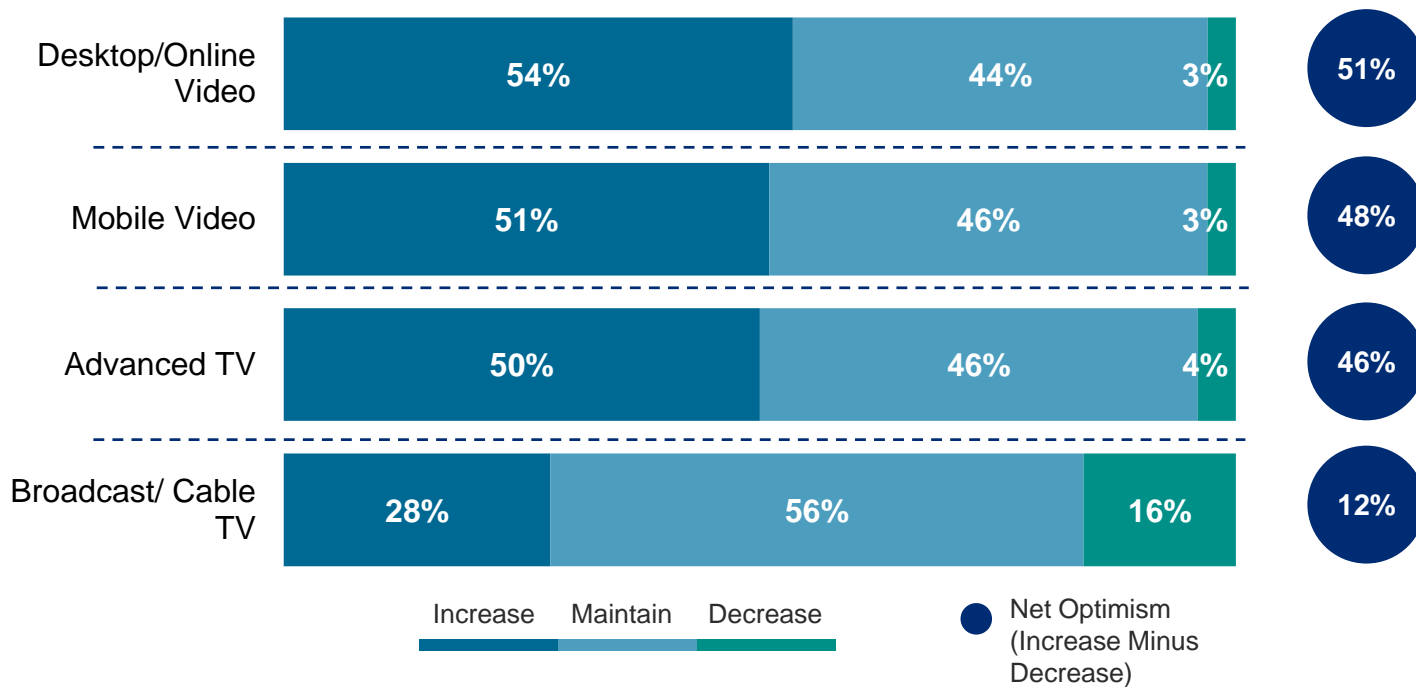


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Over half of buyers are planning to increase mobile and digital video ad spend in next 12 months

Spending Optimism for Video and TV Advertising Types



Will Increase Spending

Advanced TV

- Digital-Primary: 47%
- TV-Primary: 71%

Broadcast/Cable TV

- Digital-Primary: 25%
- TV-Primary: 44%

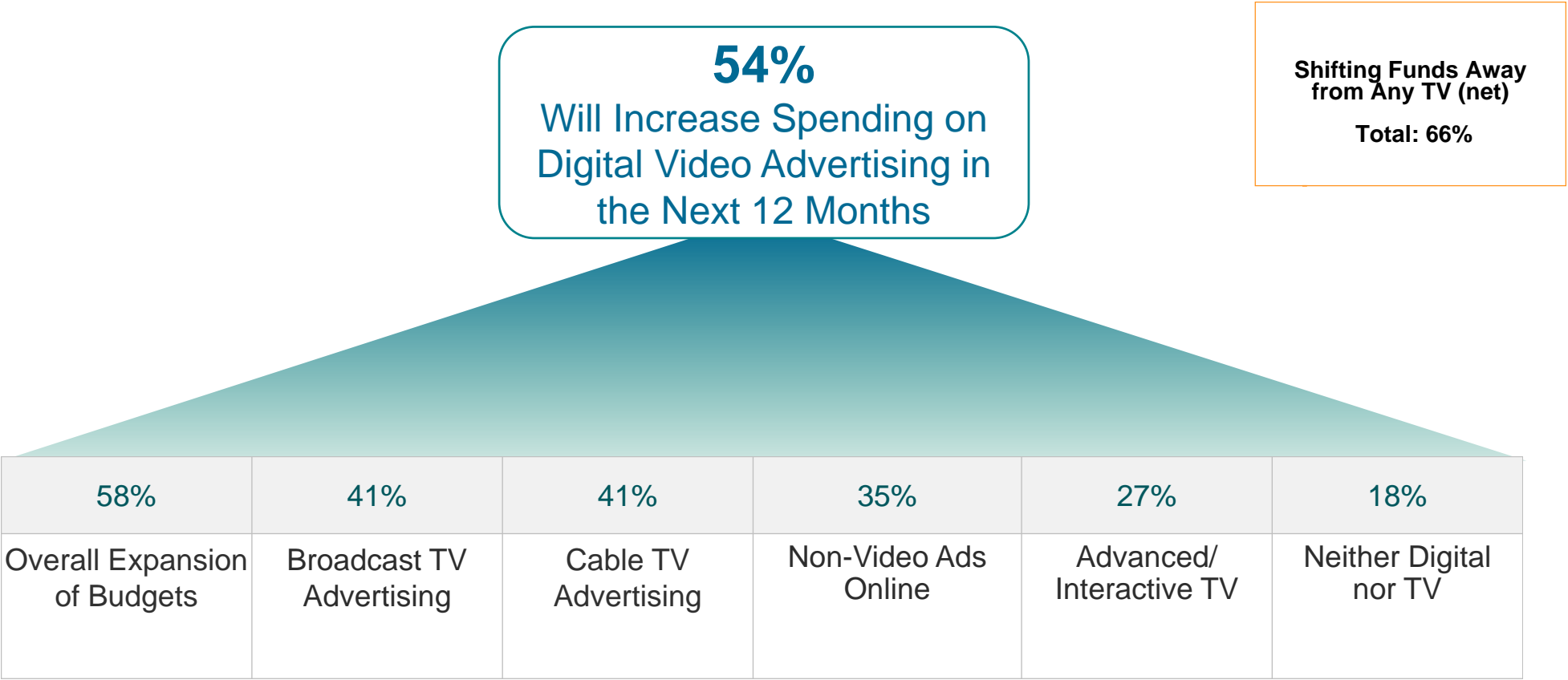
Q125: In the next 12 months, would you expect the amount of [your company's/your clients'] spend on the following types of advertising to increase, stay the same or decrease?

Base: Total Respondents



Primary sources of funding for increased digital video spend: TV and expanded budgets

Percent Indicating Shift of Funds Away From Advertising Types (Multiple Response)



Q125: In the next 12 months, would you expect the amount of [your company's/your clients'] spend on the following types of advertising to increase, stay the same or decrease?

Q130a: You mentioned that your spending on digital video advertising will increase in 2018 compared to 2017. Where will the funding come from for the increasing digital video advertising spend?

Base: Respondents Whose Digital Video Advertising Will Increase in 2018



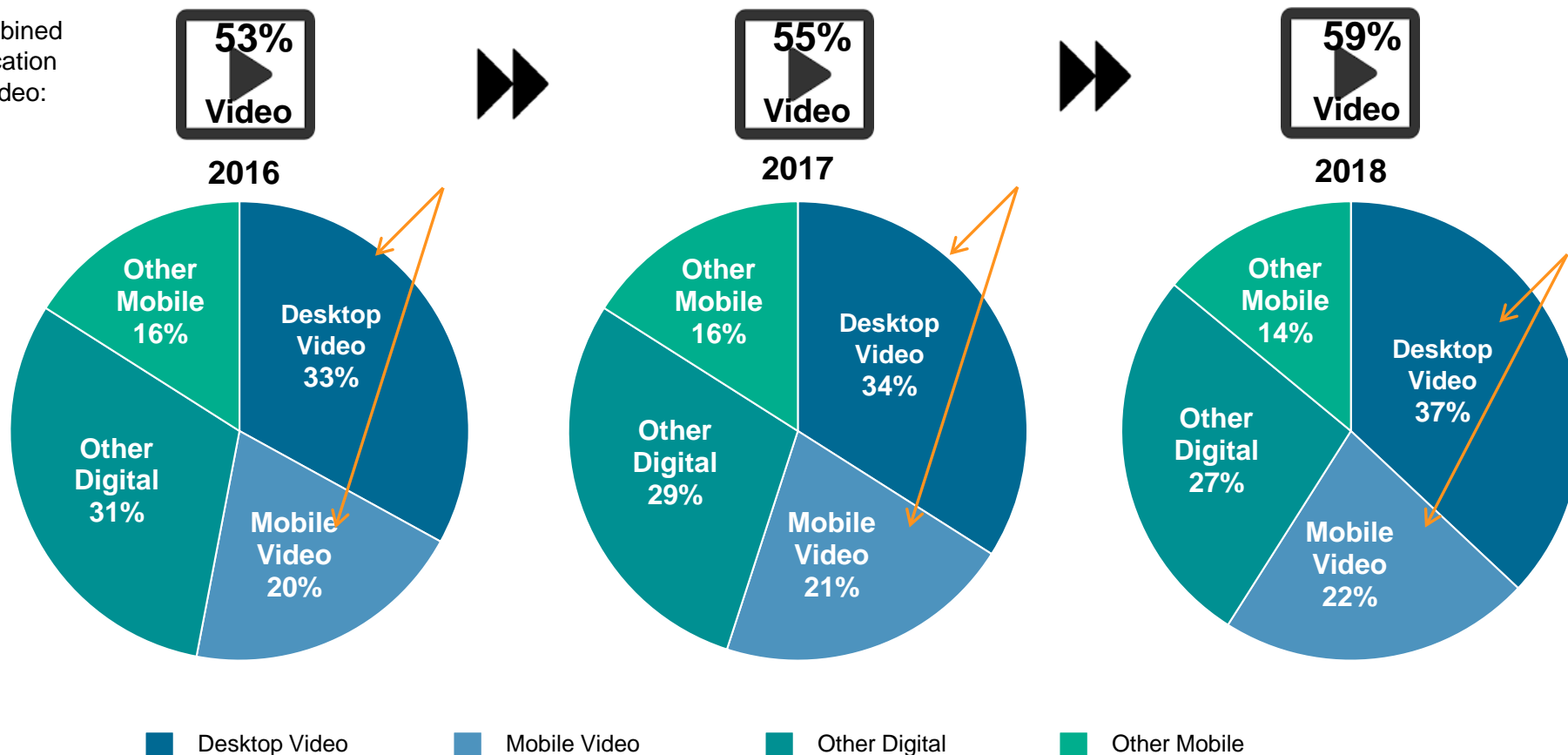
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More than half of digital budgets are allocated to video, a steady increase since 2016

Digital Spend Allocation: Video vs. Other Non-Video—3 Year Trend ; Average Percent

Combined Allocation to Video:



Q111: Thinking about your overall digital ad spend, for [your company's/your client's] biggest or most important product or service in the [MARKET SECTOR] market, what share of spending was allocated to each of the following advertising formats in 2016 and 2017? What share do you anticipate allocating to each in 2018?

Base: Respondents Involved in Video and Other Digital/Mobile

Original Digital Video

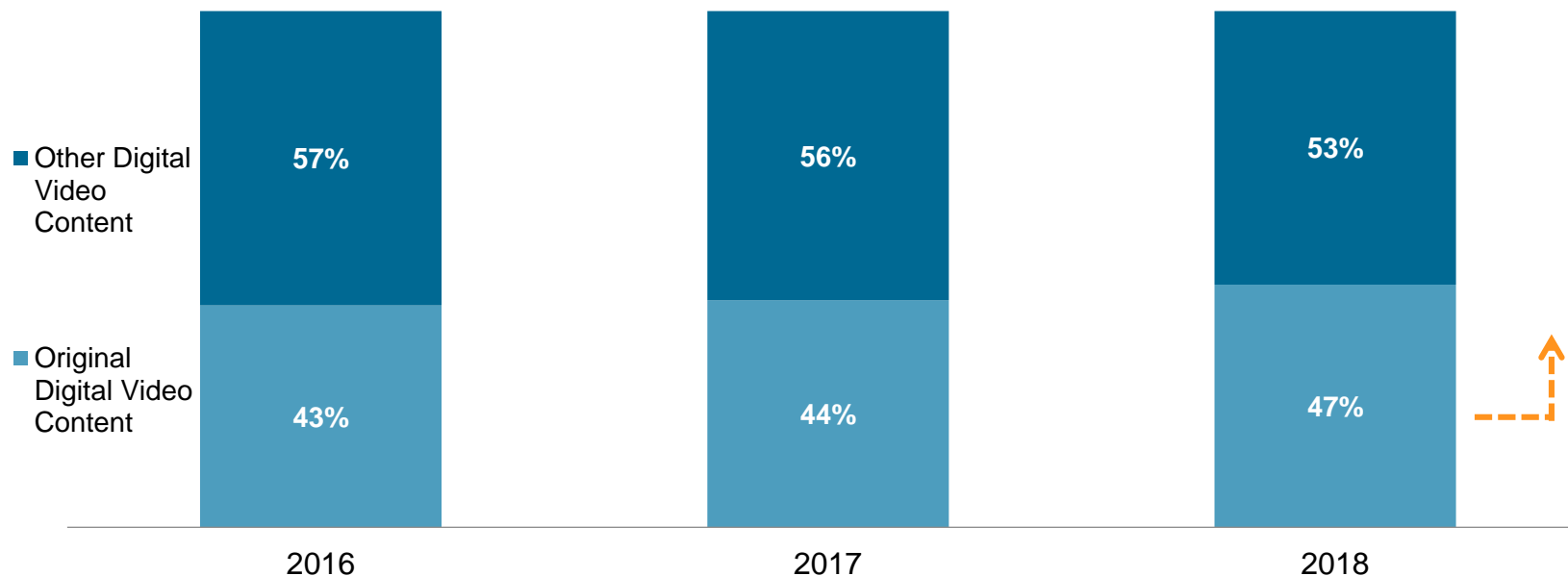


Video Ad Spend Study

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Video Content: Original digital video increasingly taking a larger share of video budgets

Average Percent of Digital Video Budget Allocated to Original Digital Video vs. Other Video—3 Year Trend



Q145: What portion of your total digital video advertising budget for [your company's/your client's] biggest most important product or service in the [MARKET SECTOR] market was spent advertising on each type of content in 2016 and 2017? And what do you anticipate those shares will be in 2018?

Base: Total Respondents



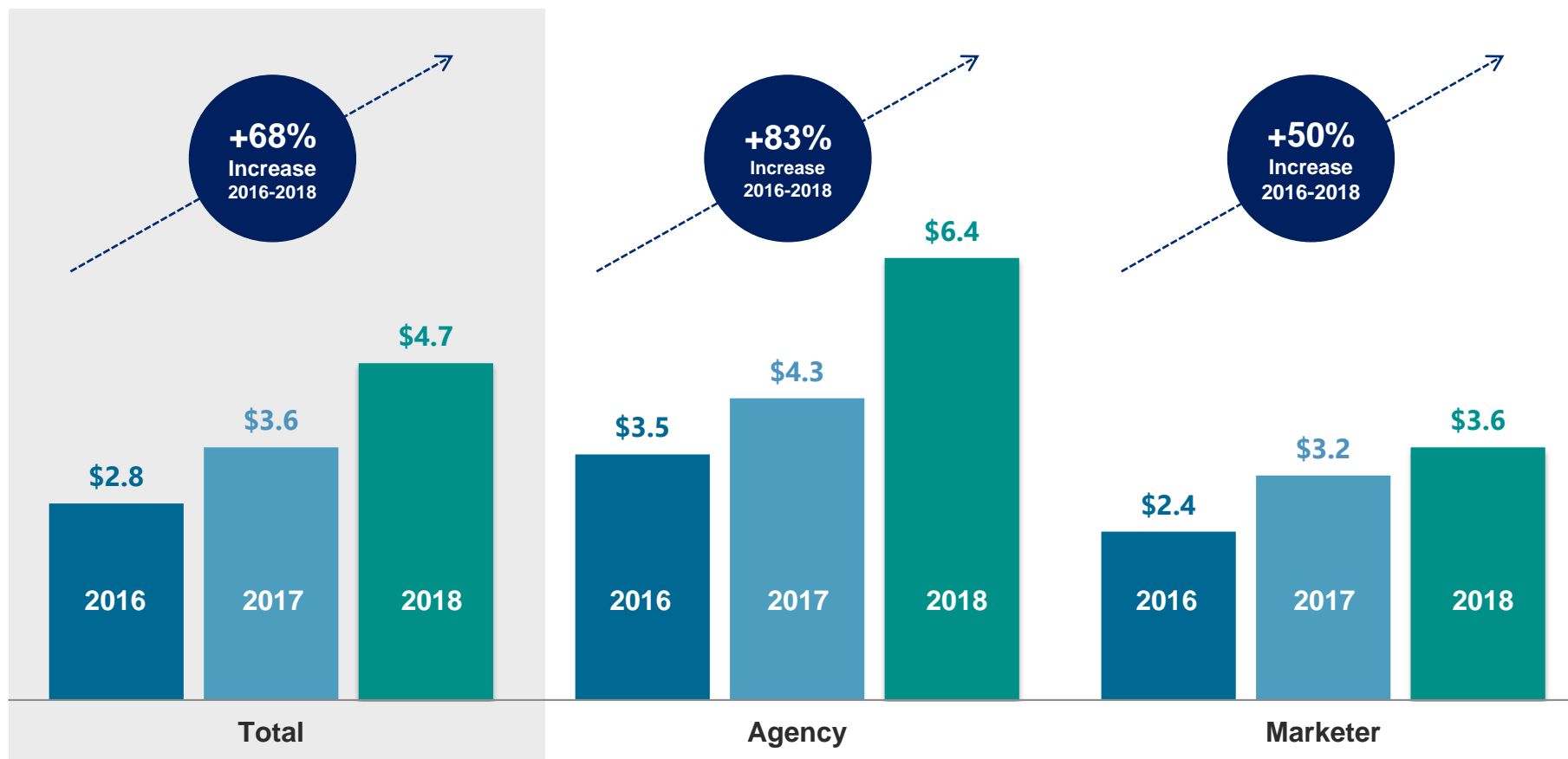
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Annual spend on original digital video advertising continues to climb. Agencies significantly increasing their ODV investment

Average Dollar Amount Spent on Original Digital Video - 3 Year Trend (in millions)

● = % Change in Digital/Mobile Video Dollar Spend 2016 – 2018



Q143: Previously you said your company will spend [INSERT RANGE] on digital video/mobile video in 2018. We'd like to get a bit more detail on that and prior year's spending. To the best of your knowledge, what exactly was that spending amount in 2016 and 2017? What do you anticipate spending in 2018?

Q145: What portion of your total digital video advertising budget for [your company's/your client's] biggest most important product or service in the [MARKET SECTOR] market was spent advertising on each type of content in 2016 and 2017? And what do you anticipate those shares will be in 2018?

Base: Total Respondents



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Telecom and Automotive Advertisers Are the Biggest Spenders on ODV Advertising

Health & Beauty and Household Goods are the faster growing sectors

Spending on original digital video advertising increased across all verticals over the past 3 years

2018 Average Dollar Amount Spend in Millions on Original Digital Video Advertising by Market Sector

		Change since 2016
	TOTAL	\$4.7 M +68%
	AUTO	\$6.4M +39%
	HEALTH & BEAUTY	\$3.9 M +200%
	FOOD & BEVERAGE	\$4.2 M +24%

		Change since 2016
	HOUSEHOLD GOODS	\$5.4 M +184%
	FINANCIAL	\$5.0 M +79%
	RETAIL	\$3.4 M +55%
	TELECOM	\$6.4 M +73%

Q143: Previously you said your company will spend [INSERT RANGE] on digital video/mobile video in 2018. We'd like to get a bit more detail on that and prior year's spending. To the best of your knowledge, what exactly was that spending amount in 2016 and 2017? What do you anticipate spending in 2018?
Q145: What portion of your total digital video advertising budget for [your company's/your client's] biggest most important product or service in the [MARKET SECTOR] market was spent advertising on each type of content in 2016 and 2017? And what do you anticipate those shares will be in 2018?
Base: Total Respondents

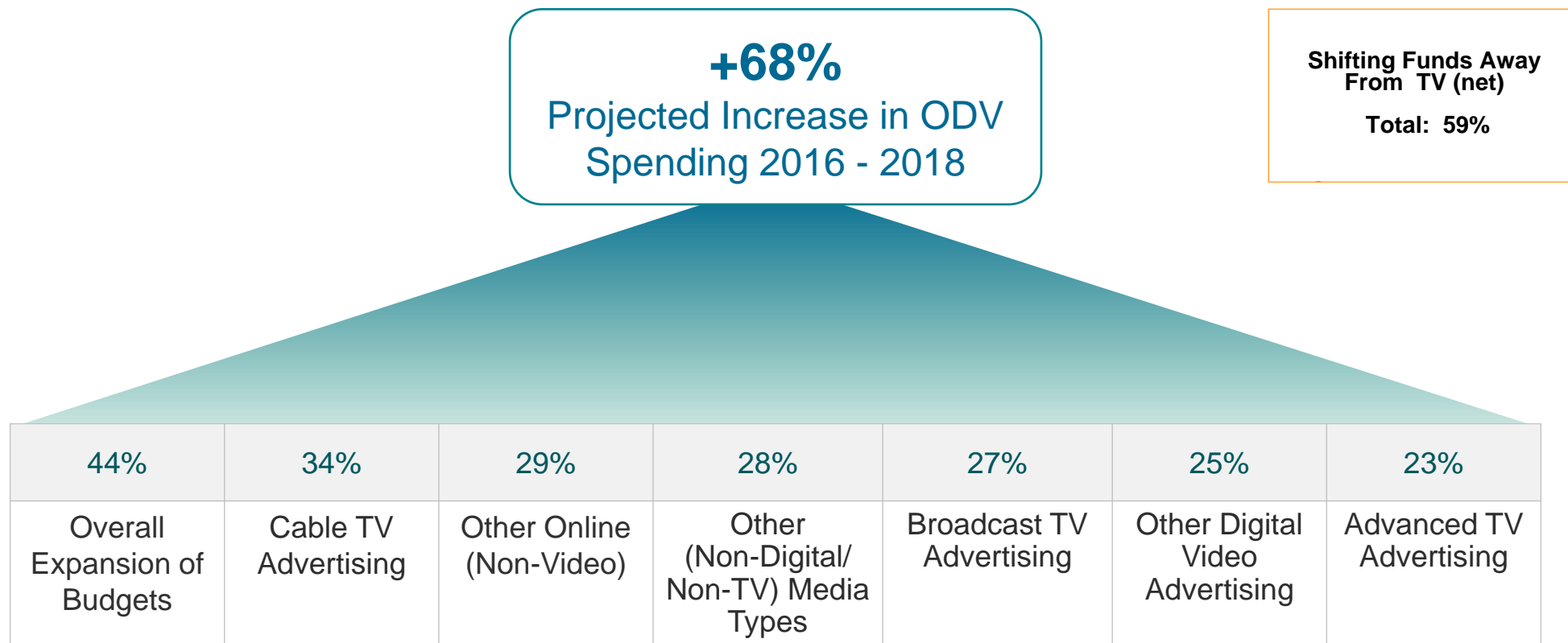


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TV budgets and overall expansion of advertising budgets are the primary sources of funding for increased original digital video spend

Percent Indicating Shift of Funds Away From Advertising Types (Multiple Response)



Overall Expansion of
Budgets

Agency 55%
Marketer 39%

Q150: You mentioned that your advertising spending on professionally produced original digital video programming/content will increase in 2018 compared to 2017. Where will the funding come from for the increasing original digital video programming content advertising spend?

Base: Respondents Whose Original Digital Video Advertising Will Increase in 2018

Impact of the NewFronts



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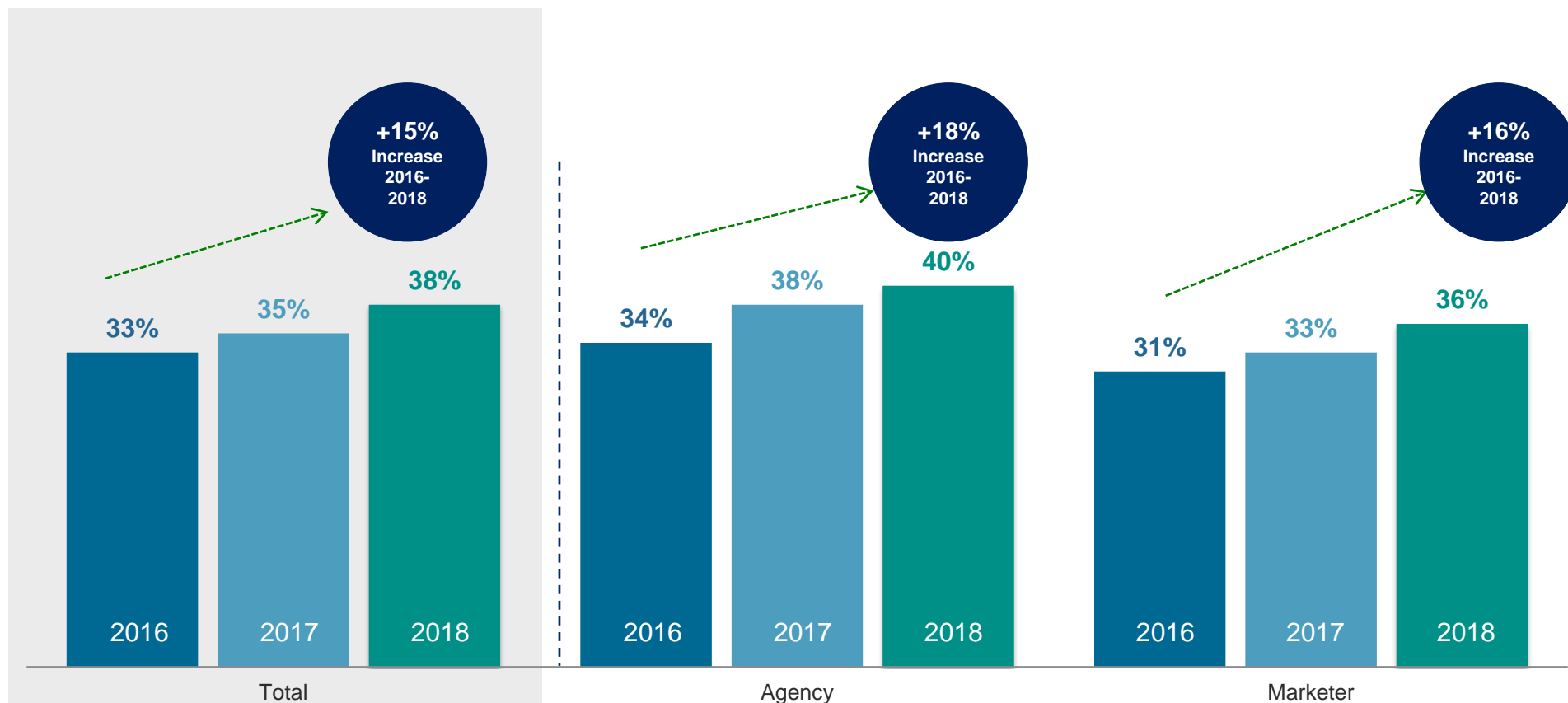
7

Average # of Media Brands
Advertised with as a
Results of the 2017
NewFronts

~40% of Advertisers' original digital video budget will be allocated at the NewFronts

Average Percent of Original Digital Video Dollars Tied to NewFronts - 3 Year Trend (in millions)

● = % Change in Digital/Mobile Video Dollar Spend 2016 – 2018



Q155a/b/c: What share of the dollars for advertising spending on professionally produced original digital video programming/content was committed as a result of the Digital Content NewFronts two years ago (Spring 2016)? A year ago (Spring 2017)? What share do you anticipate allocating to each this year (Spring 2018)?

Base: Total Respondents

Q200: Ho many media brands/publishers that offer Original Digital Programming did you advertise with as a result of attending the 2017 Digital Content NewFronts?

Base: Attended 2017 NewFronts










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Advertisers across all key market sectors will allocate more than a third of their original digital video budgets during the NewFronts

2018 Average Anticipated Commitment to Original Digital Video as a Result of the NewFronts by Market Sector

TOTAL	38%
 AUTO	40%
 HEALTH & BEAUTY	34%
 FOOD & BEVERAGE	44%

 HOUSEHOLD GOODS	36%
 FINANCIAL	33%
 RETAIL	35%
 TELECOM	44%

Q155a/b/c: What share of the dollars for advertising spending on professionally produced original digital video programming/content was committed as a result of the Digital Content NewFronts two years ago (Spring 2016)? A year ago (Spring 2017)? What share do you anticipate allocating to each this year (Spring 2018)?

Base: Total Respondents



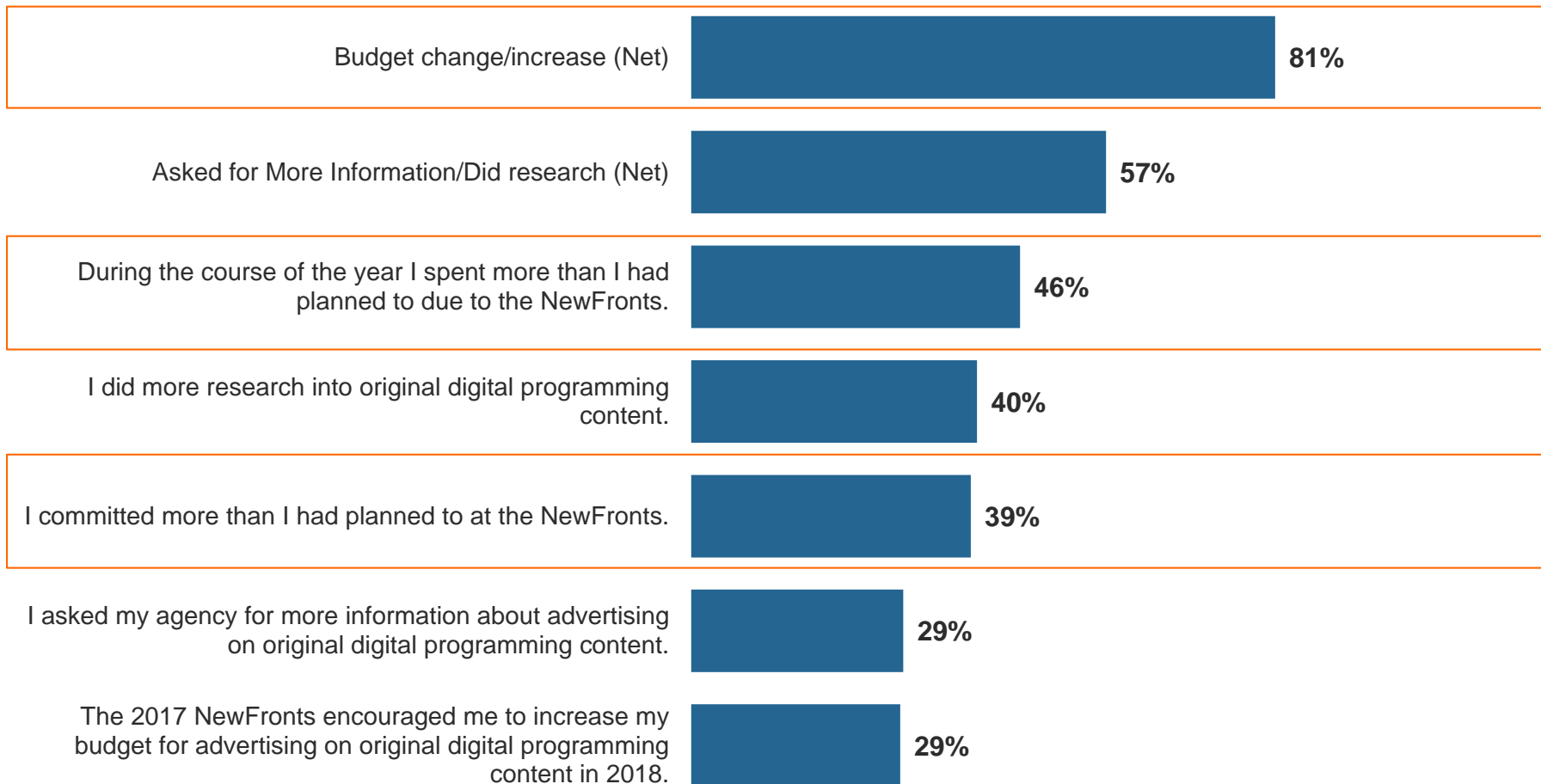
Video Ad Spend Study

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NewFronts Expands the Market: 8 in 10 Advertisers increased their original digital video budget as a result of attending the 2017 NewFronts

Nearly half spent more than planned over the year; 4 in 10 spent more than planned at the NewFronts

Impact of 2017 Digital Content NewFronts on ODV Advertising



I committed more than I planned to at the NewFronts:

Agency 47%
Marketer 33%

During the course of the year I spent more than I had planned to due to the NewFronts:

Agency 53%
Marketer 40%

Q163b: In which of these ways did the 2017 Digital Content NewFronts affect your advertising on original digital programming content?

Base: Respondents who Participated in 2017 Digital Content NewFronts



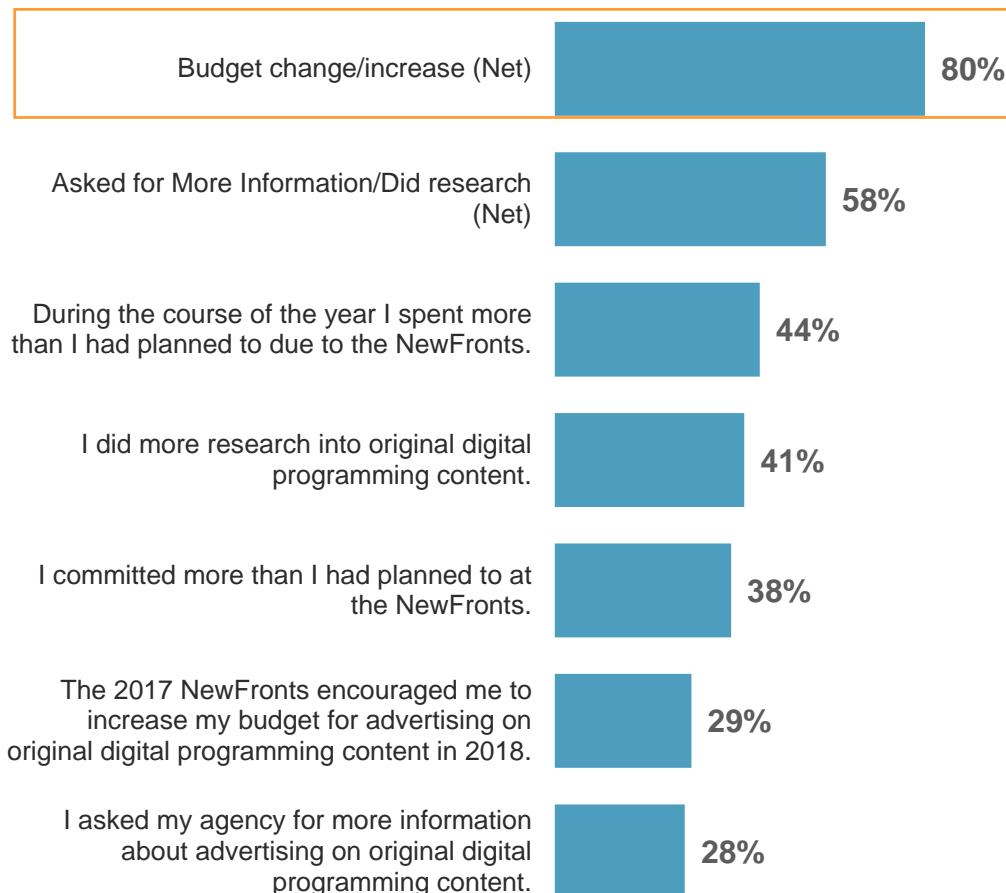
Video Ad Spend Study

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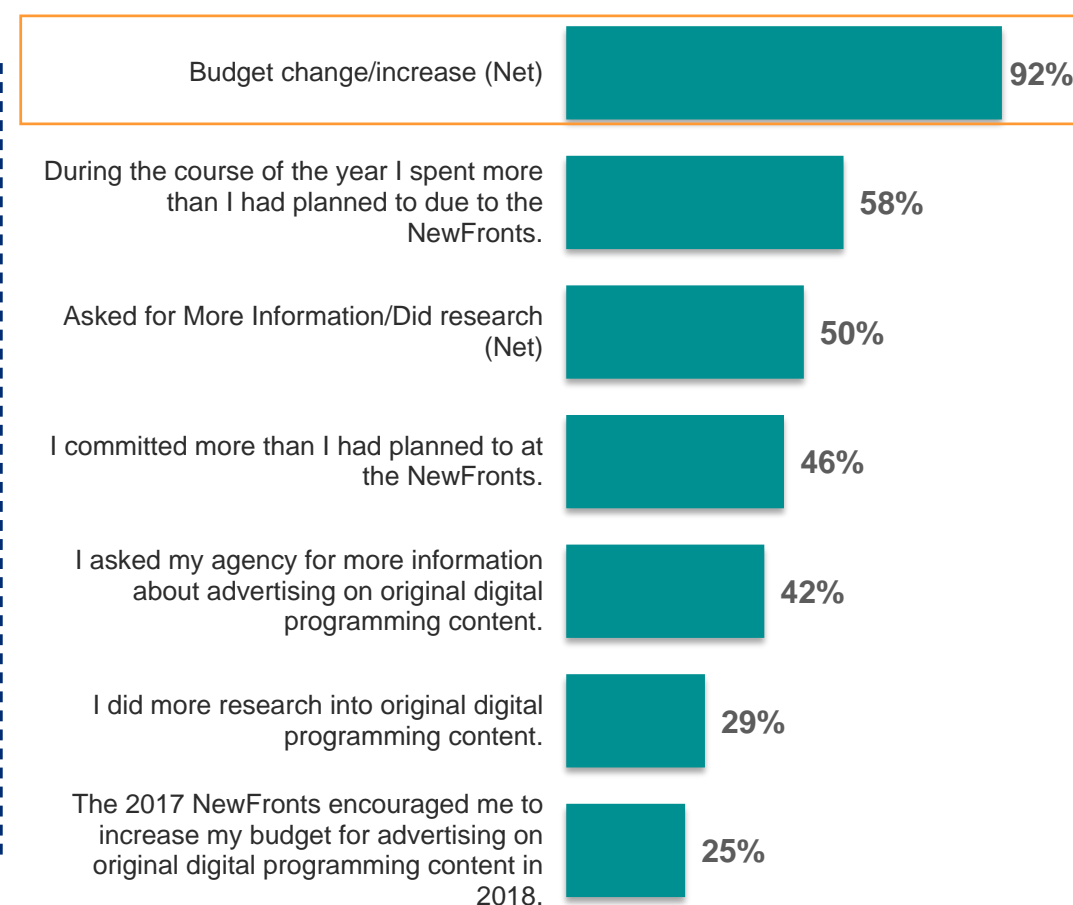
Attending the NewFronts increases original digital video spend. TV focused buyers, in particular, invested more than planned

Impact of 2017 Digital Content NewFronts on ODV Advertising—by Buyer Type

Digital Primary



TV Primary *



Q163b: In which of these ways did the 2017 Digital Content NewFronts affect your advertising on original digital programming content?

Base: Respondents who Participated in 2017 Digital Content NewFronts

*Small Base: Data for Directional Use Only



Video Ad Spend Study

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Impact of 2017 Newfronts on ODV advertising – *In their own words*

“Got us to consider these properties as true alternatives to TV.”

Marketer, Financial, TV Primary

“It showed that we could possibly be missing out on other ad ops as technology and KPI reporting metrics improve.”

Agency, VP +, Automotive, Digital Primary

“Provided more context into the offerings available and how our capabilities could be tailored to those offerings.”

Marketer, Buyer, Household Goods, TV Primary

“It made us more likely to select and target certain media outlets and shows. We became particularly interested in certain programs that had related podcasts.”

Marketer, Director-Supervisor, Household Goods, Digital Primary

“Exposed us to more...buy opportunities, on platforms and mediums we didn't think about prior.”

Agency, Buyer, Household Goods, Digital Primary

Q163a: How did the 2017 Digital Content NewFronts affect your advertising on original digital programming content?

Base: Respondents who Participated in 2017 Digital Content NewFronts



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Reasons for planning to allocate more on digital video during the 2018 Digital Content NewFronts

Maturation of Digital Video

“Consumers are consuming more digital content, which means we need to meet that demand and increase our reach to them.”

(Marketer, Director-Supervisor, Automotive, Digital Primary)

“More clients are starting to understand that this is where TV is headed.”

(Agency, Director-Supervisor, Household Goods, TV Primary)

“We are finding that our video advertising is getting the most hits.”

(Marketer, C-Level, Retail, Digital Primary)

Results

“Brand recognition results have grown as a result of our investment.”

(Marketer, C-Level, Retail, Digital Primary)

“We feel that spending more in this category has a promising outcome, providing us with a better ROI for the 2018 year.”

(Agency, VP+, Food and Beverage, Digital Primary)

“We are seeing more conversion.”

(Agency, C-Level, Telecommunications, Digital Primary)

Better identification and segmentation of target audiences and improved internal results measurement data capabilities.”

(Marketer Director-Supervisor, Telecommunications, Digital Primary)

Q137b: You anticipate allocating more on digital video advertising during the 2018 Digital Content NewFronts than you allocated as a result of the 2017 Digital Content NewFronts. Would you explain why?

Base: Respondents who Anticipate Allocating More During the 2017 Digital Content NewFronts



Drivers of ODV Ad Spend

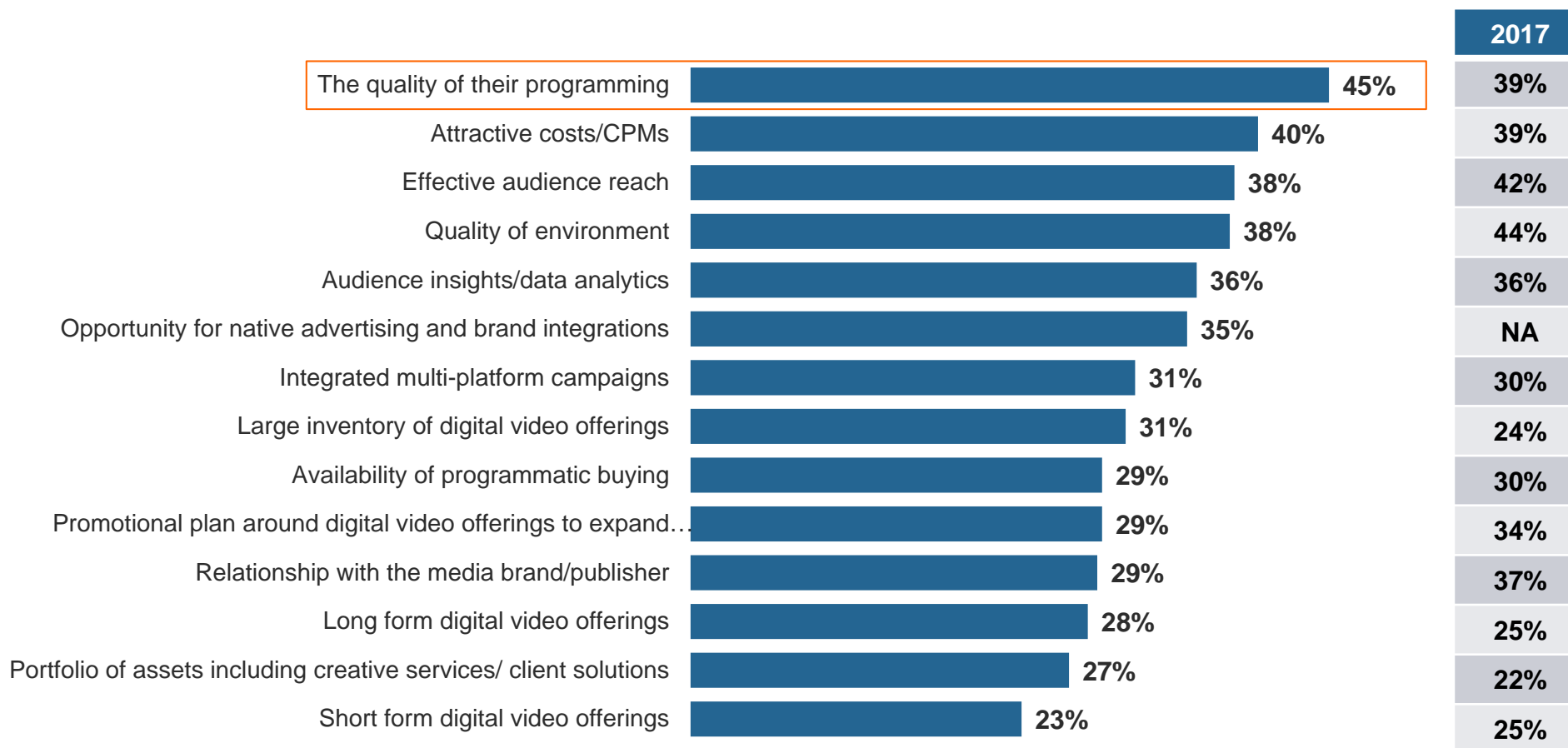


Video Ad Spend Study

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Quality of programming is the most important criteria when choosing between ODV brands

Most Important Selection Criteria When Deciding Between Brands; Respondents Who Allocated Spending at the 2017 NewFronts



Integrated multi-platform campaigns:

Agency 25%
Marketer 36%

Effective audience reach:

Agency 31%
Marketer 44%

Q164a: Thinking about your digital video spending on original digital video with media brands/publishers that participate in the NewFronts, please select the most important criteria you consider when deciding on which media brand(s)/publishers to advertise with.

Base: Total Respondents Who Allocated to Spending at the 2017 Digital Content NewFronts



Video Ad Spend Study

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In addition to quality programming, TV focused buyers consider costs and their established relationships with publishers

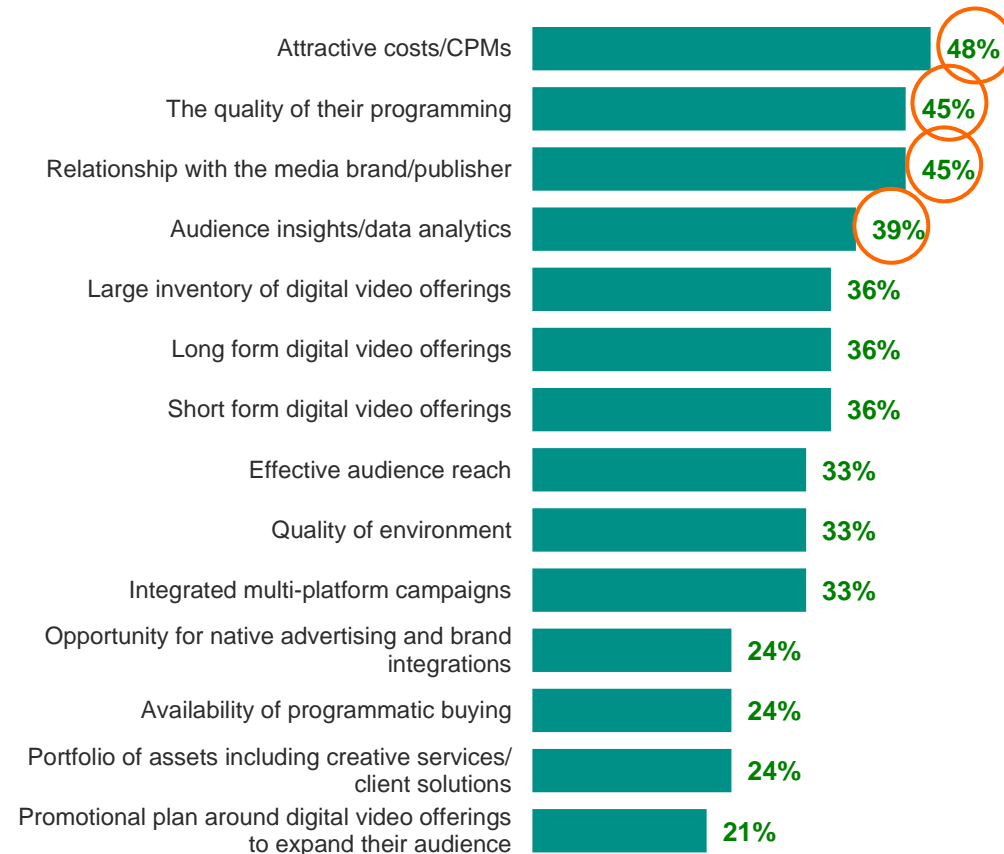
Audience insights also a draw for TV primary buyers

Most Important Selection Criteria When Deciding Between NewFronts Publishers

Digital Primary



TV Primary



Q164a: Thinking about your digital video spending on Original Digital Video with media brands/publishers that participate in the NewFronts, please select the most important criteria you consider when deciding on which media brand(s)/publishers to advertise with.

Base: Total Respondents Who Allocated to Spending at the 2017 Digital Content NewFronts

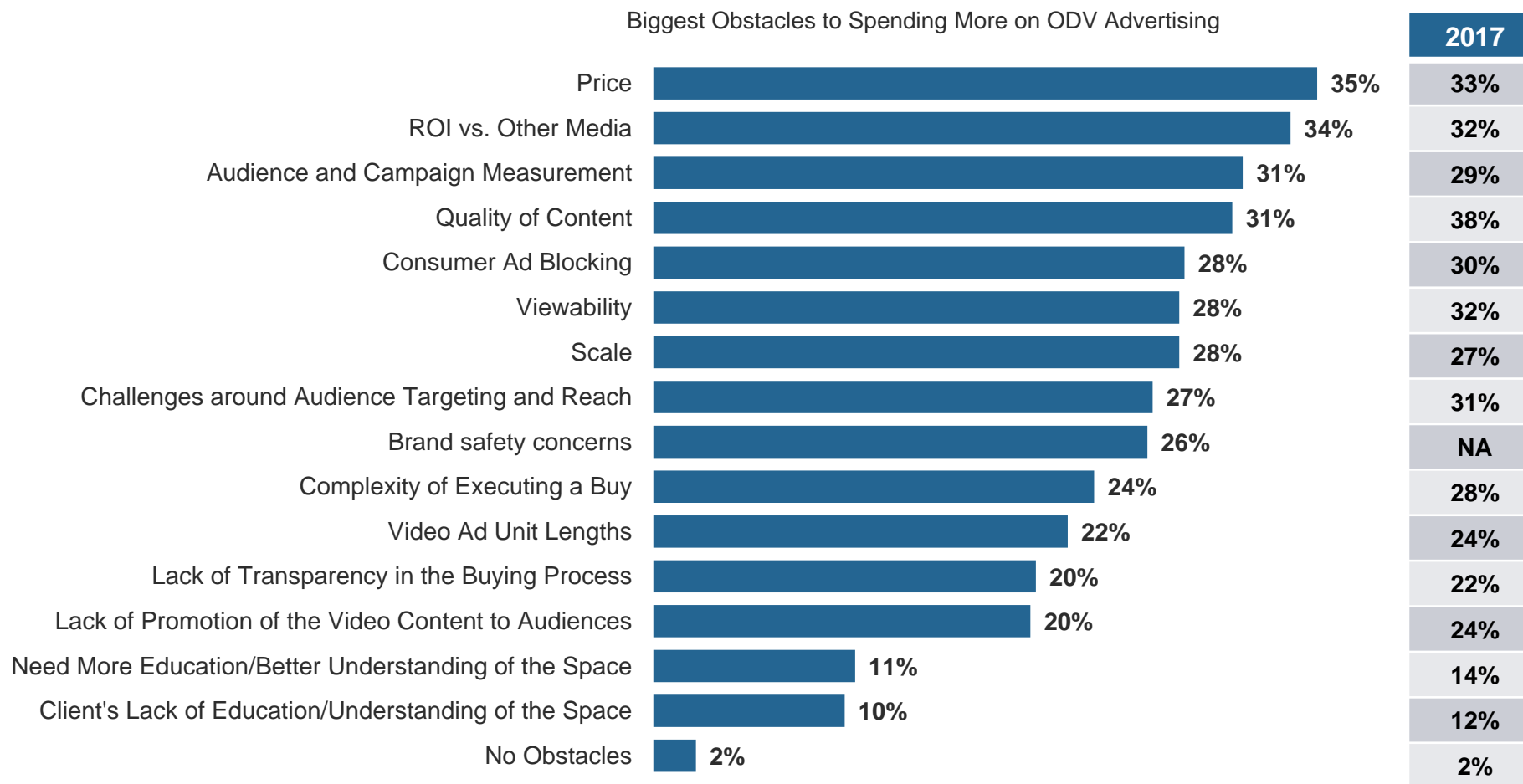


Video Ad Spend Study

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Price and ROI are the biggest obstacles preventing increased spend on original digital video advertising

Quality of content as an obstacle has dropped since last year



Q166: What do you view as the biggest obstacles to spending more on original digital video advertising (i.e. the type of video content presented at the NewFronts)?

Base: Total Respondents

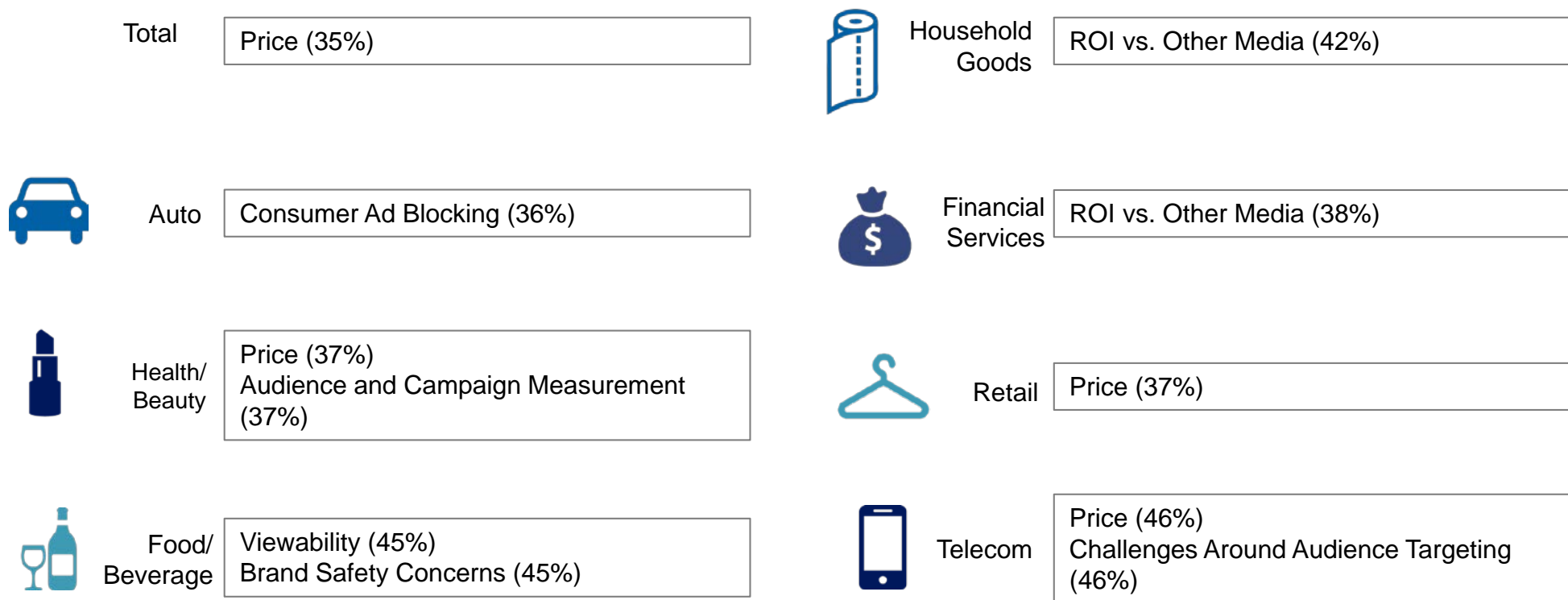


Video Ad Spend Study

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Across market sectors, biggest obstacles center around price, ROI and measurement, including viewability and brand safety

Biggest Obstacles to Spending More on ODV Advertising—By Market Sector



Q166: What do you view as the biggest obstacles to spending more on original digital video advertising (i.e. the type of video content presented at the NewFronts)?

Base: Total Respondents

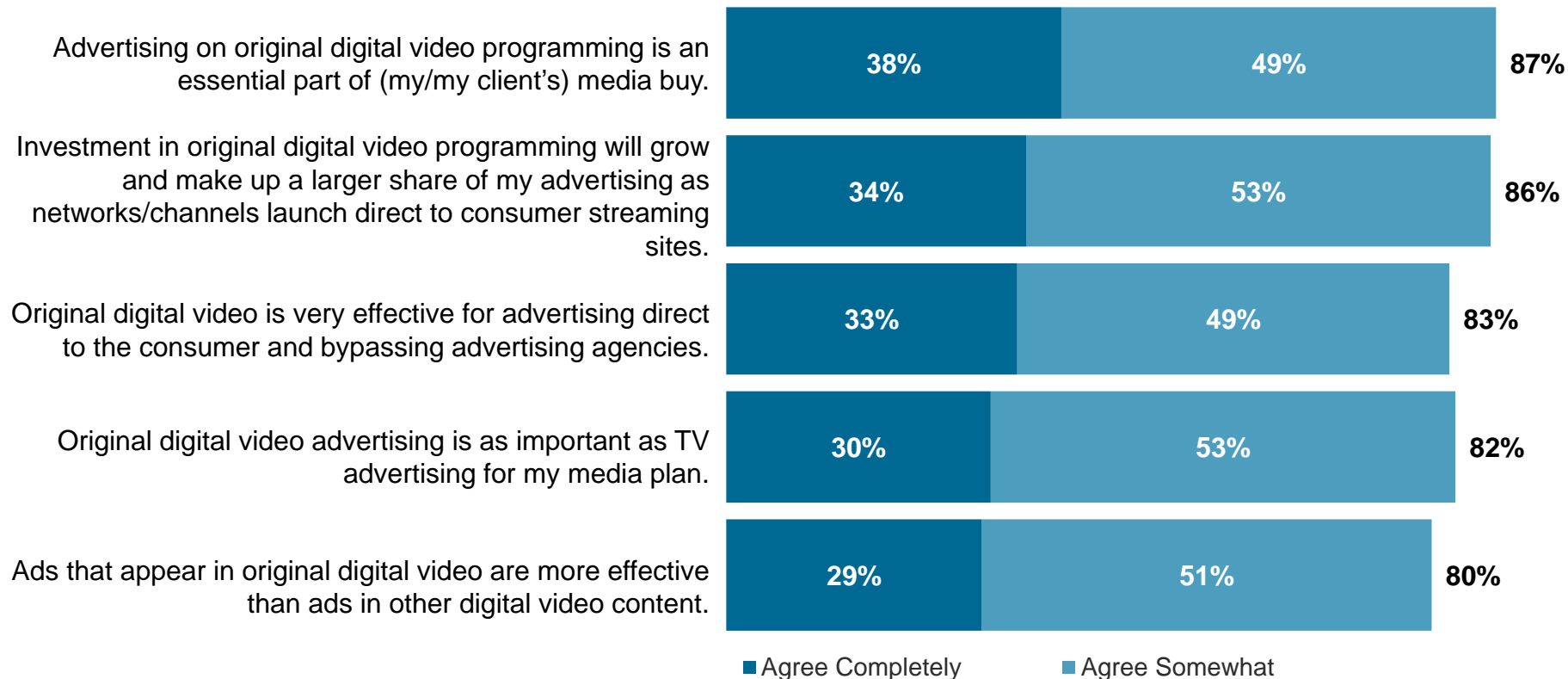


Video Ad Spend Study

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Nearly 9 in 10 Advertisers agree that original digital video advertising is an essential part of their media buy and investment will grow as direct to consumer video sites proliferate

Sorted by Agree Somewhat/Completely



Q165: To what extent do you agree with each of these statements about original digital video advertising?

Base: Total Respondents

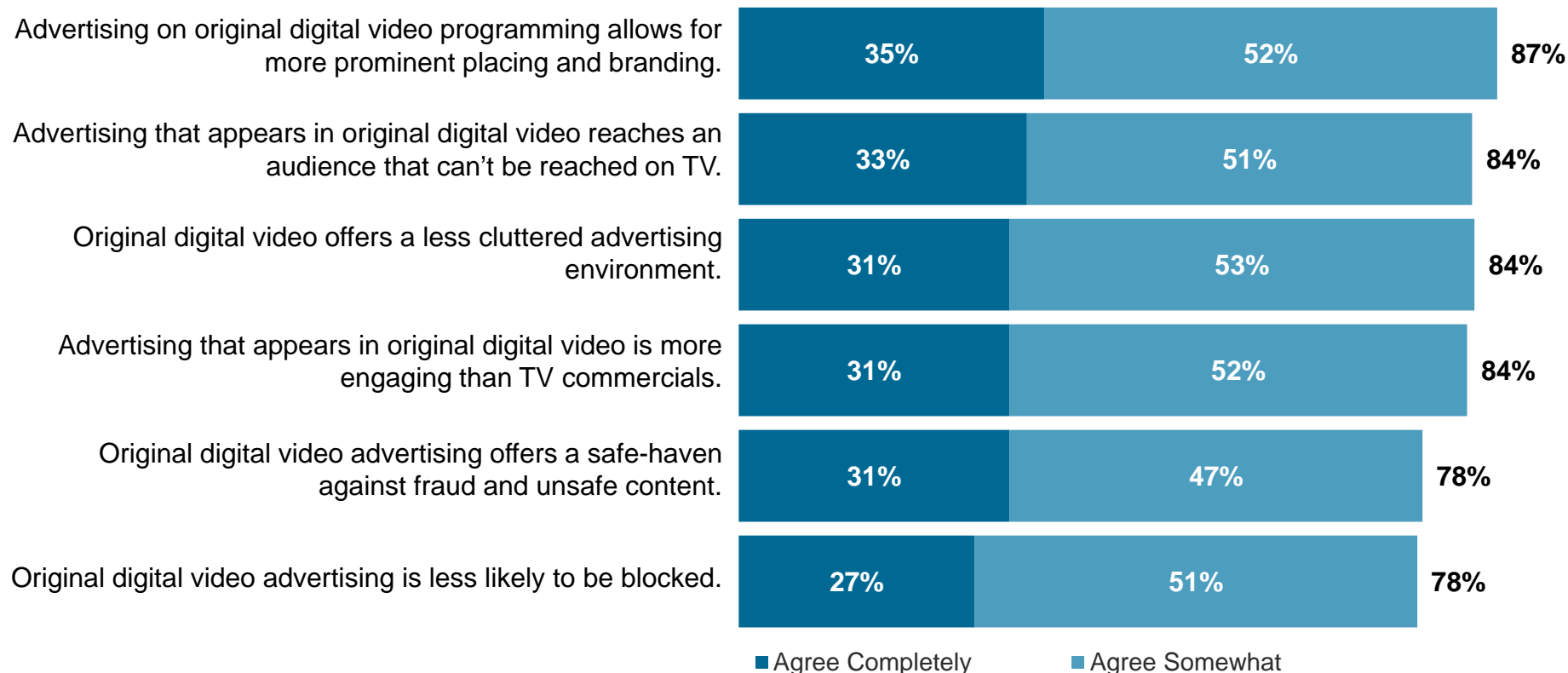


Video Ad Spend Study

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Strong agreement on the benefits of ODV advertising including, allows for more prominent placing and branding and reaches audiences that can't be reached on TV

Sorted by Agree Somewhat/Completely



Q165: To what extent do you agree with each of these statements about original digital video advertising?

Base: Total Respondents



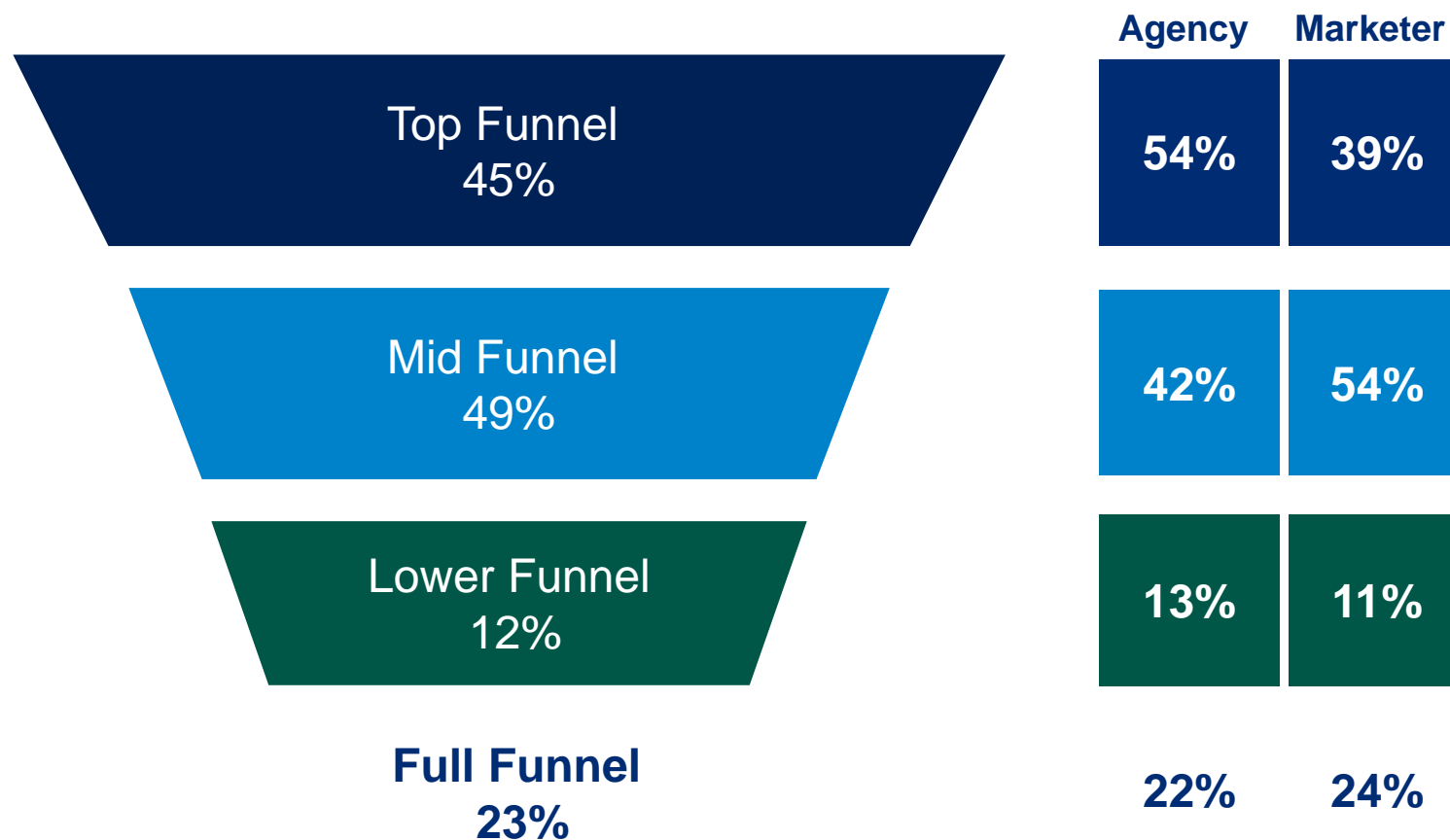
Video Ad Spend Study

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TV Primary Buyers Use
ODV for Lower Funnel
Objectives More Than
Their Digital Primary
Buyers

Agencies are more likely to use original digital video to achieve top funnel objectives, while Marketers use ODV for mid-funnel campaigns

Original Digital Video Across the Funnel



Q201: For which types of campaigns would you include original digital video advertising on the media plan?
Base: Total Respondents

Direct to Consumer





Video Ad Spend Study

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Original Digital Video is positioned for the trend towards Direct to Consumer

- 86%** Agree that investment in original digital video programming will grow and make up a larger share of my advertising as networks/channels launch direct to consumer streaming sites.
- 83%** Agree that Original digital video is very effective for advertising direct to the consumer and bypassing advertising agencies.
- 74%** of Marketers frequently use their company's/client's sales data, credit card data, etc. to optimize digital video buys
- 58%** of Buyers spend directly with digital video sites

Base: Total Respondents



Video Ad Spend Study

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Direct to Consumer: Marketers agree direct to consumer advertising will become a greater focus

Marketers: Agree Somewhat/Completely

90% agree:

(32% agree completely)

Direct to consumer advertising offers more data with which to track the ad's impact.

84% agree:

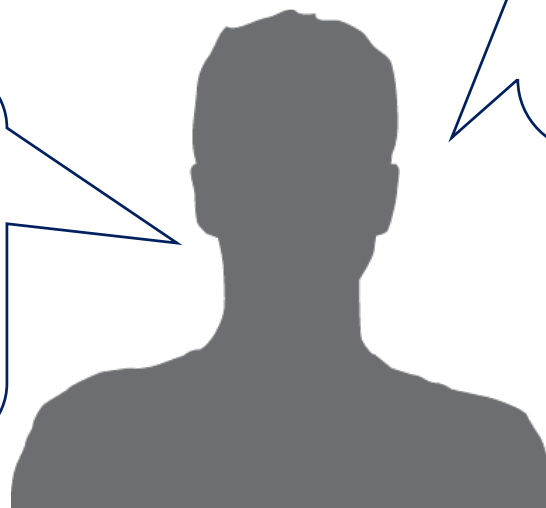
(28% agree completely)

Advertisers will increasingly bring more advertising functions in-house, advertising direct to the consumer, and out of the hands of agencies.

74% agree:

(31% agree completely)

My company will spend less with agencies this year and shift those funds to direct to consumer advertising.



Native Advertising

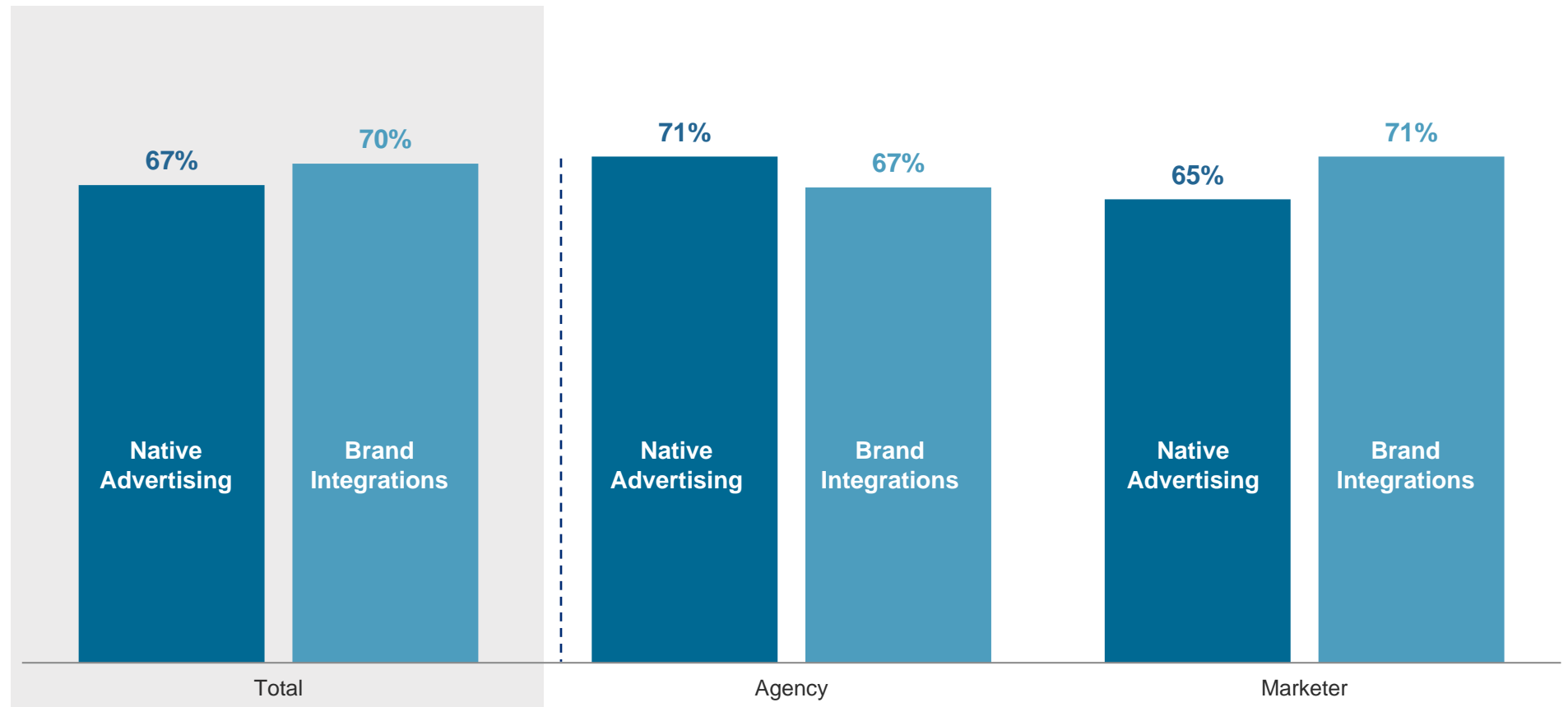


Video Ad Spend Study

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Native advertising and brand integrations are widely used in ODV advertising

Percent of ODV Advertisers Who Spent On Native Advertising And Brand Integrations



Q164: Thinking about your advertising on professionally produced original digital video in 2017, did you spend on native advertising and brand integrations in original digital video?

Base: Allocated to Original Digital Video in 2017










Video Ad Spend Study

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Telecom advertisers spend more on brand integrations. Health/Beauty and Food/ Beverage sectors spend more on native

Percent of ODV Advertisers who spent on native advertising and brand integrations—By Market Sector

	Native Advertising	Brand Integrations
TOTAL	67%	70%
 AUTO	69%	57%
 HEALTH & BEAUTY	77%	69%
 FOOD & BEVERAGE	78%	60%

	Native Advertising	Brand Integrations
 HOUSEHOLD GOODS	60%	74%
 FINANCIAL	68%	68%
 RETAIL	54%	70%
 TELECOM	66%	89%

Q164: Thinking about your advertising on professionally produced original digital video in 2017, did you spend on native advertising and brand integrations in original digital video?

Base: Allocated to Original Digital Video in 2017

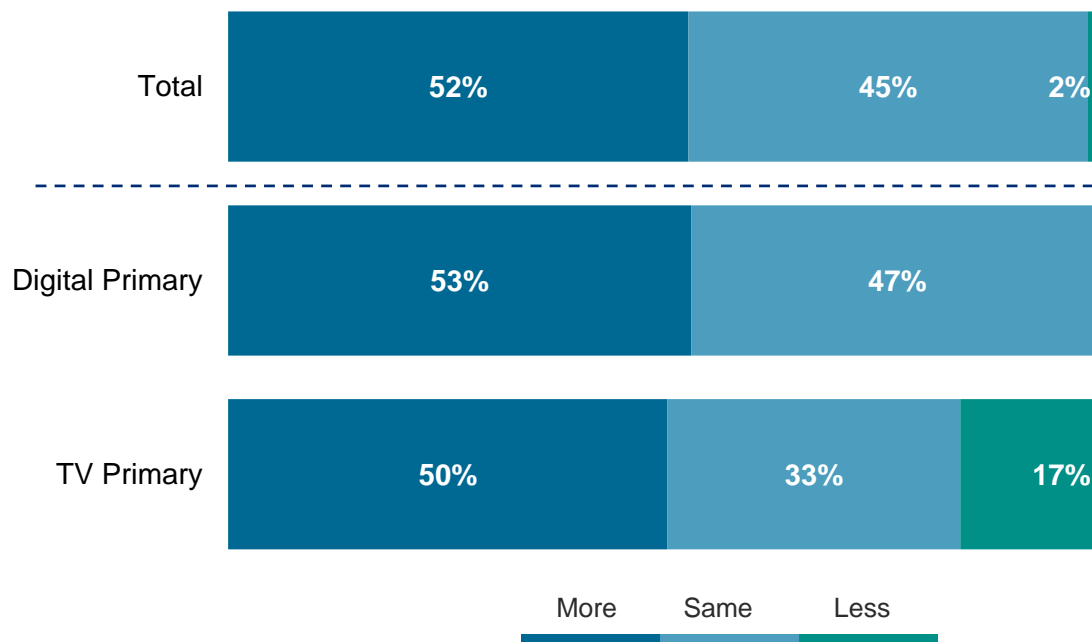


Video Ad Spend Study

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1 in 2 increased their original digital video advertising allocation to native YOY

Change in Original Digital Video Ad Dollars Allocated to Native Advertising 2016 vs. 2017



Spent More on ODV Native Advertising

Agency: 61%
Marketer: 47%

Q164b: Did you spend more/same/less of your professionally produced original digital video programming/content budget on native advertising and brand integrations in 2017 than in 2016?
Base: Total Respondents

Video Ad Formats

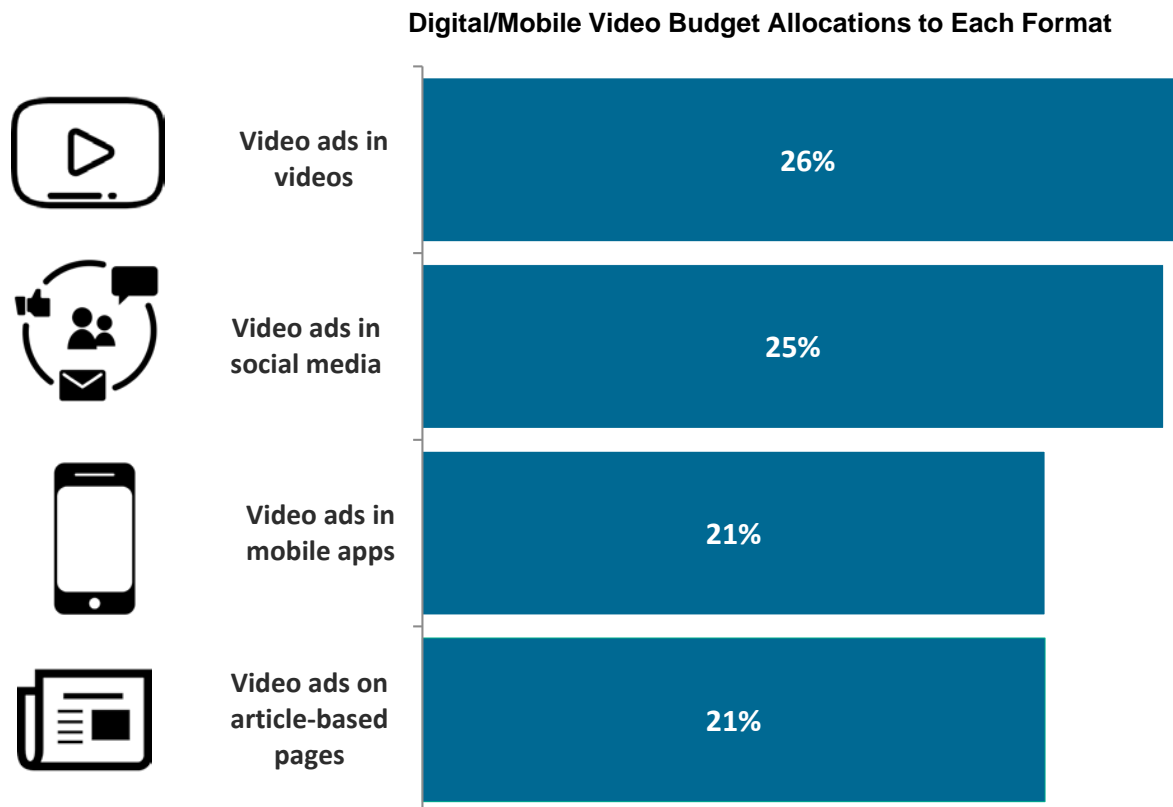


Video Ad Spend Study

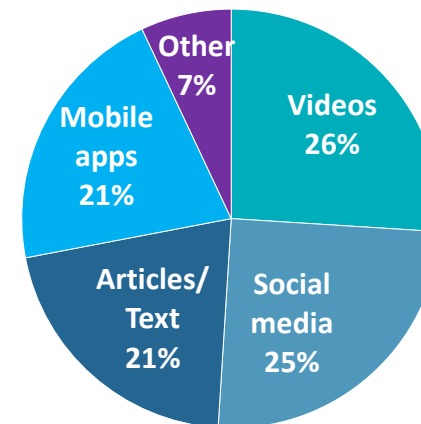
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Video Ad Formats: Allocations evenly distributed across ad formats

1 in 4 video ad dollars of a typical buy is spent on video ads that appear in videos



Avg. Video Budget is Spent on Video Ads in...



Q115a: What percent of your digital video/mobile video budget for [your company's/your client's] biggest or most important product or service in the [MARKET SECTOR] is spent on:

Base: Total Respondents



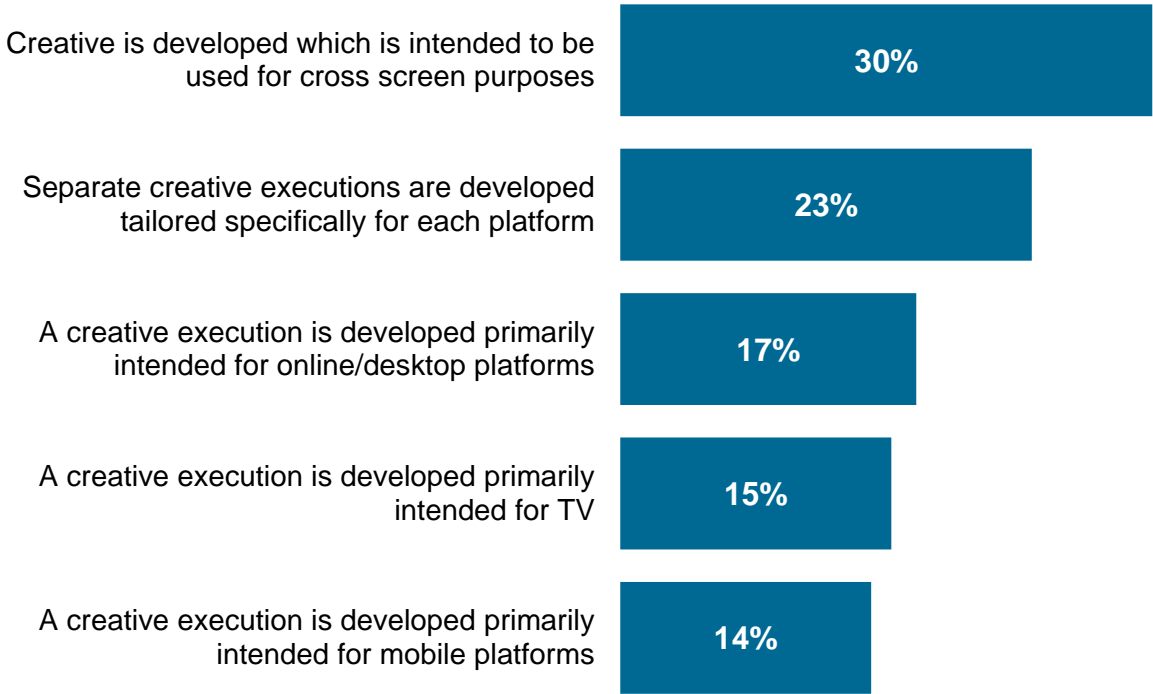
Video Ad Spend Study

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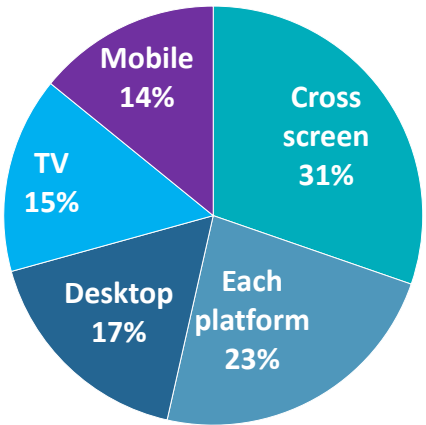
Video Ad Formats: Most buyers say typical video creative is developed for cross screen purposes

Only 15% say video creative is usually repurposed TV commercials

Typical Digital/Mobile Video Creative



Typical Digital/Mobile Video Creative is Developed for...



Creative is developed primarily intended for TV:
Agency 20%
Marketer 12%

Creative is developed for cross screen purposes:
Agency 23%
Marketer 35%

Q189a: Which best describes how the creative for a digital video/mobile video campaign is typically developed?
Base: Total Respondents



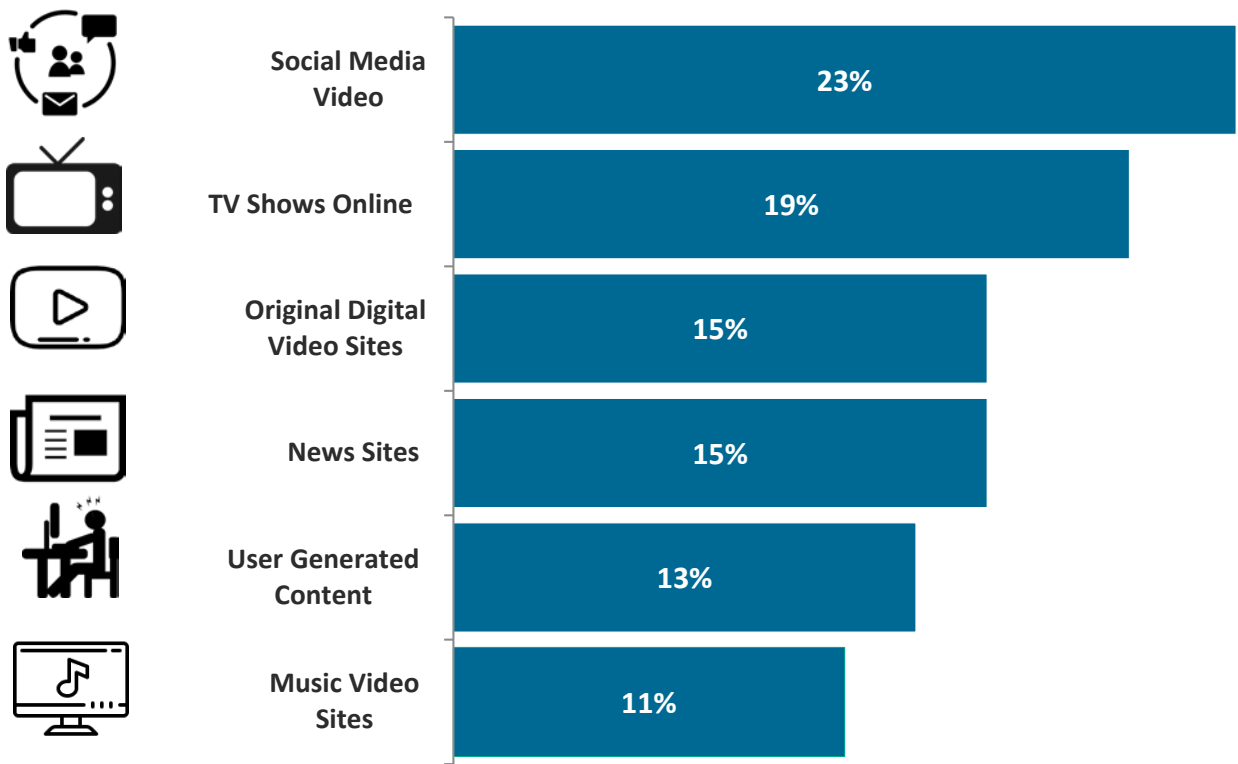
Video Ad Spend Study

April 2018

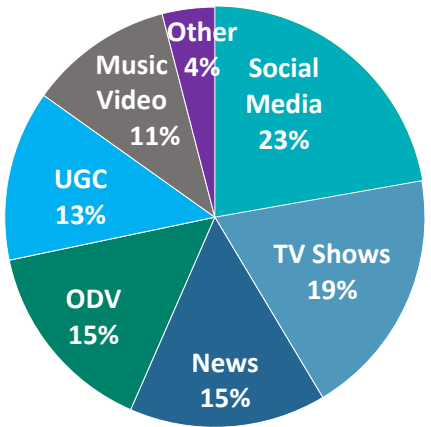
Video Ad Channels: Social media channel takes the largest slice of the typical video ad buy budget

Average Percent Allocation to Each

Digital/Mobile Video Budget Allocations to Each Channel



Avg. Video Budget is Spent on...



Q115: Imagine that the digital video/mobile video advertising budget for [your company's/your client's] biggest or most important product or service in the [MARKET SECTOR] market is a pie and each of these types of digital /mobile video advertising is a slice. What share do you anticipate allocating to each slice in 2018?

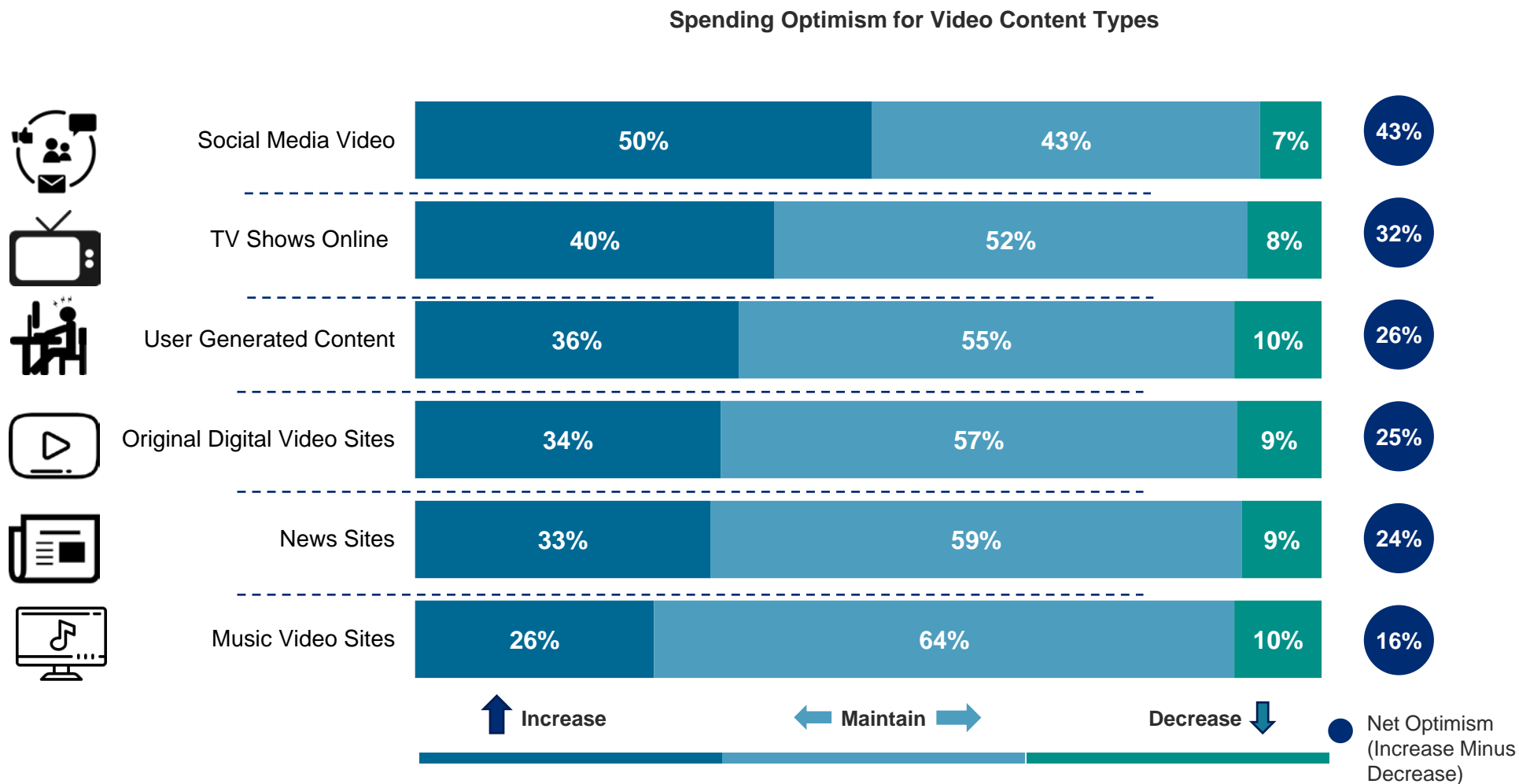
Base: Total Respondents



Video Ad Spend Study

April 2018

Video Ad Channels: Half of buyers plan to spend more on social media video advertising in next 12 months



Q116: Do you expect your company to spend more, the same or less on digital and mobile video advertising in each of the following types of video content in 2018?

Base: Total Respondents

Data

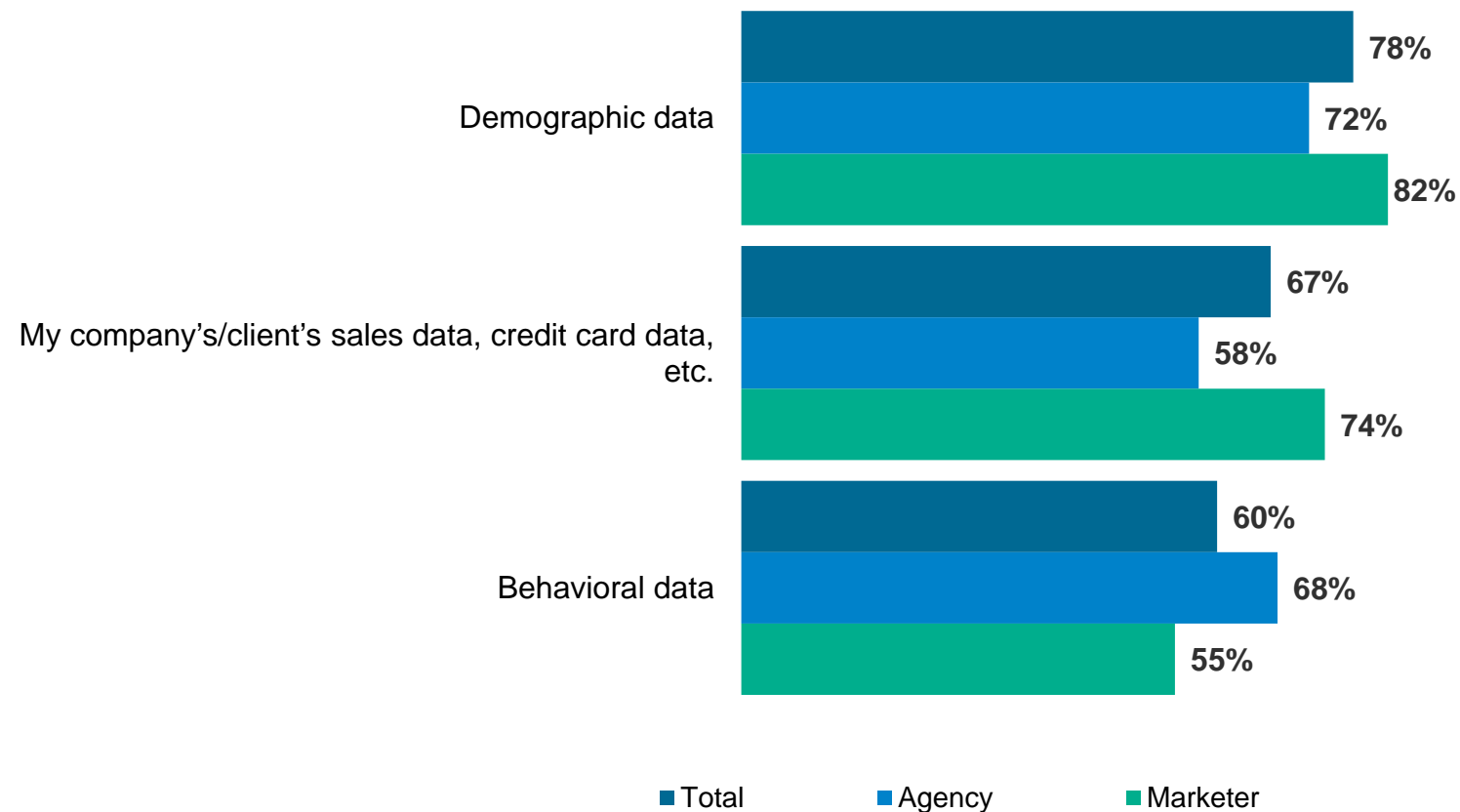


Video Ad Spend Study

April 2018

Demographic data most frequently used source when optimizing digital video buys.
Marketers also employ their own 1st party data.

Sources Used to Optimize Digital Video Buys



Q142a: Which of the following data sources do you frequently use to optimize your digital video buys?

Base: Total Respondents

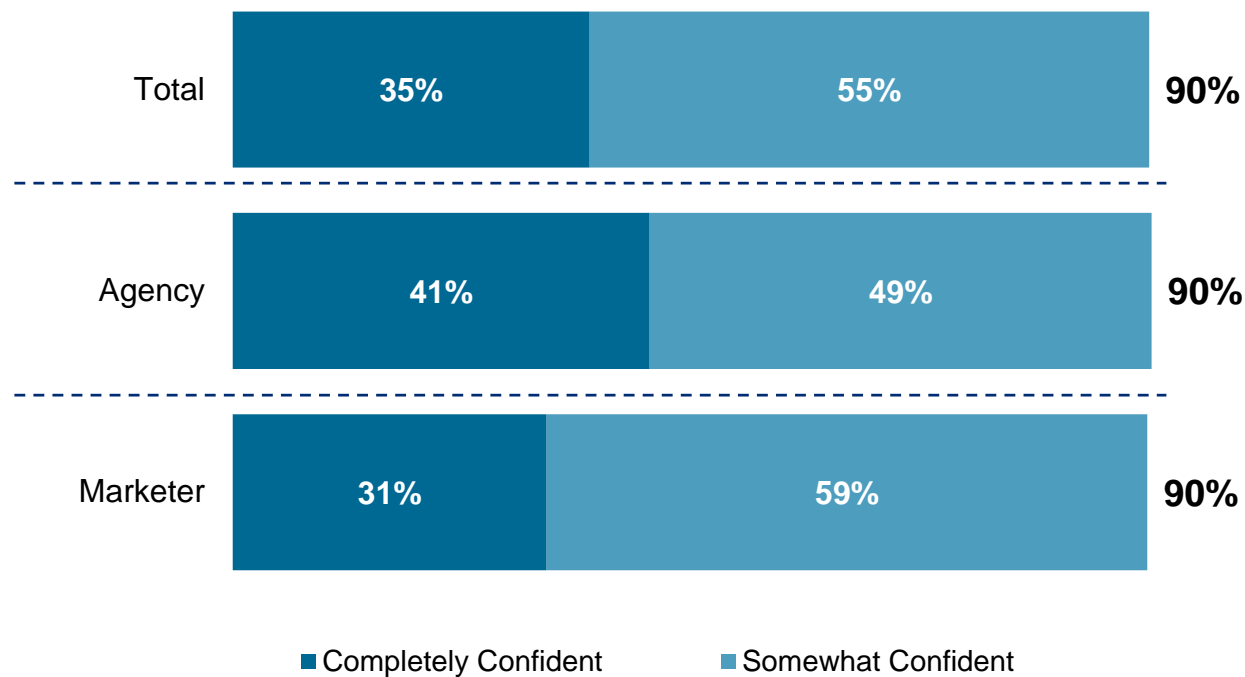


Video Ad Spend Study

April 2018

High Advertiser confidence in 3rd party data accuracy for optimizing digital video buys

Confidence in 3rd Party Data Accuracy



Q142b: How confident are you in the accuracy of the 3rd party data you use to optimize your digital video buys?

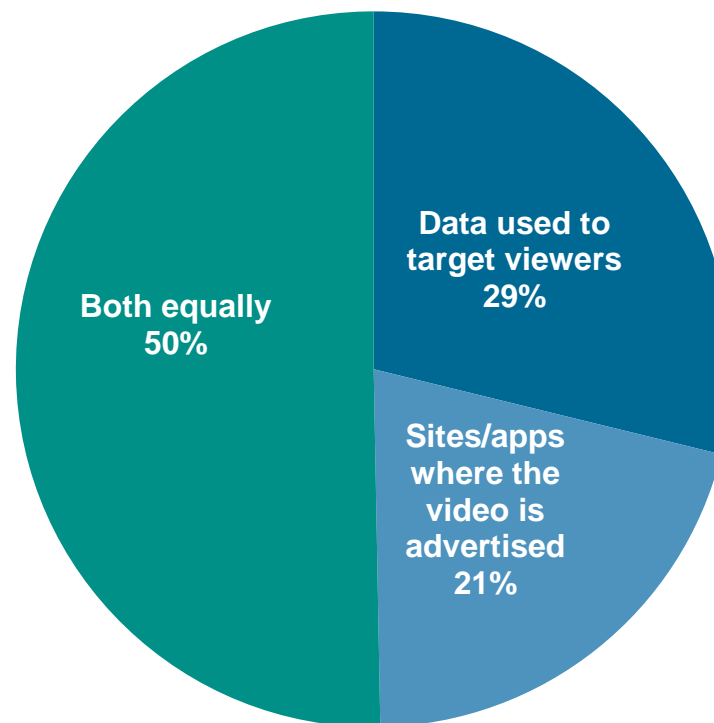
Base: Total Respondents Who Use Demographic/Behavioral Data



Video Ad Spend Study

April 2018

What has more impact on the ROI of your digital video advertising?
Both the data used to target viewers and the ad environment are equally important
in delivering ad effectiveness



Q142c: Which would you say has more impact on the ROI of your video advertising?
Base: Use data to optimize digital video buys



Cross Platform Video





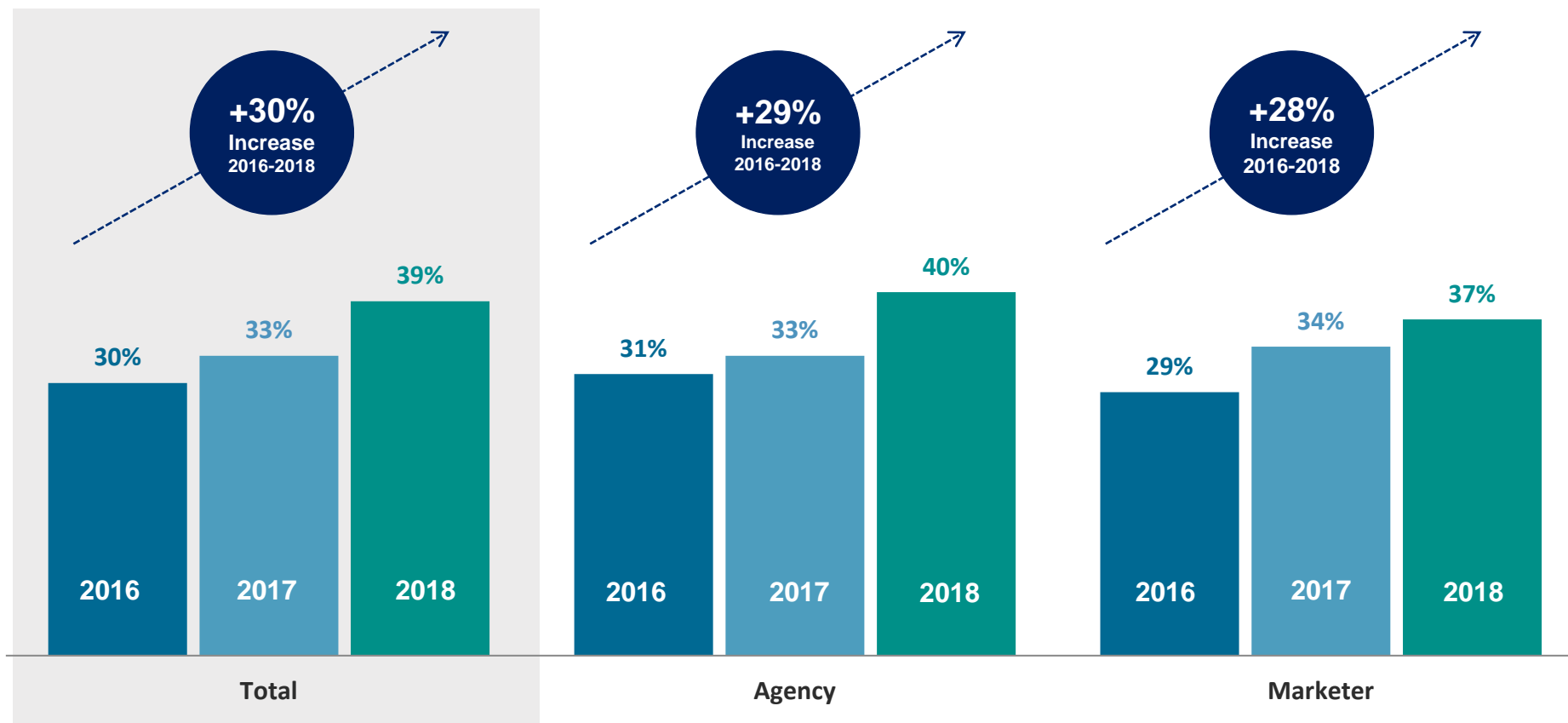
Video Ad Spend Study

April 2018

~40% of Advertisers' 2018 budget will be spent on cross platform (TV + digital video) buys, significant YOY increase

Average Percent Share of Ad Budgets Spent on Cross-Platform—3 Year Trend

● = % Change in Digital/Mobile Video Dollar Spend 2016 – 2018



Q180a: What share of your advertising budget was spent on cross-platform buys (TV and digital video from the same programmer/TV network) in 2016? In 2017? And what share do you anticipate spending in 2018?

Base: Total Respondents










Video Ad Spend Study

April 2018

Over the past 3 years, spending on cross-platform buys increased across all verticals, except Retail

2018 Cross-Platform Allotment by Market Sector

		Change since 2016
TOTAL	39%	+30%
 AUTO	42%	+37%
 HEALTH & BEAUTY	38%	+31%
 FOOD & BEVERAGE	43%	+33%

		Change since 2016
 HOUSEHOLD GOODS	37%	+39%
 FINANCIAL	34%	+38%
 RETAIL	35%	+5%
 TELECOM	40%	+32%

Q180a: What share of your advertising budget was spent on cross-platform buys (TV and digital video from the same programmer/TV network) in 2016? In 2017? And what share do you anticipate spending in 2018?

Base: Total Respondents

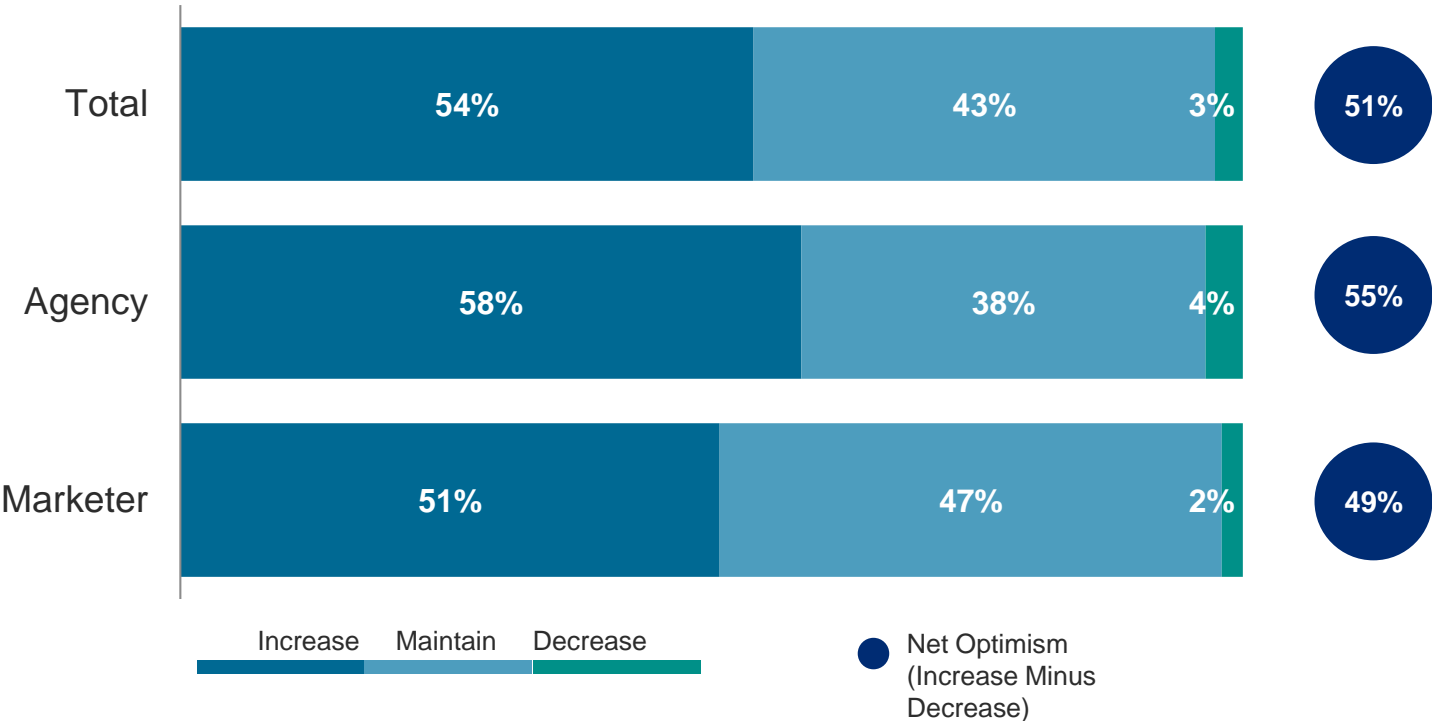


Video Ad Spend Study

April 2018

Cross-platform spending will continue to grow in 2018, driven by Agencies

Change in YOY Spending on Cross-Platform—2018 vs. 2017



Q180c: You said in 2018 you anticipate spending [FILL IN % FROM Q180a_3]% of your advertising budget on cross-platform buys. Thinking about dollars (as opposed to share of budget) you anticipate spending in 2018, would this be an increase, the same amount, or a decrease compared to dollars spent on cross-platform in 2017?
Base: Total Respondents Who Anticipate Spending on Cross-Platform Buys



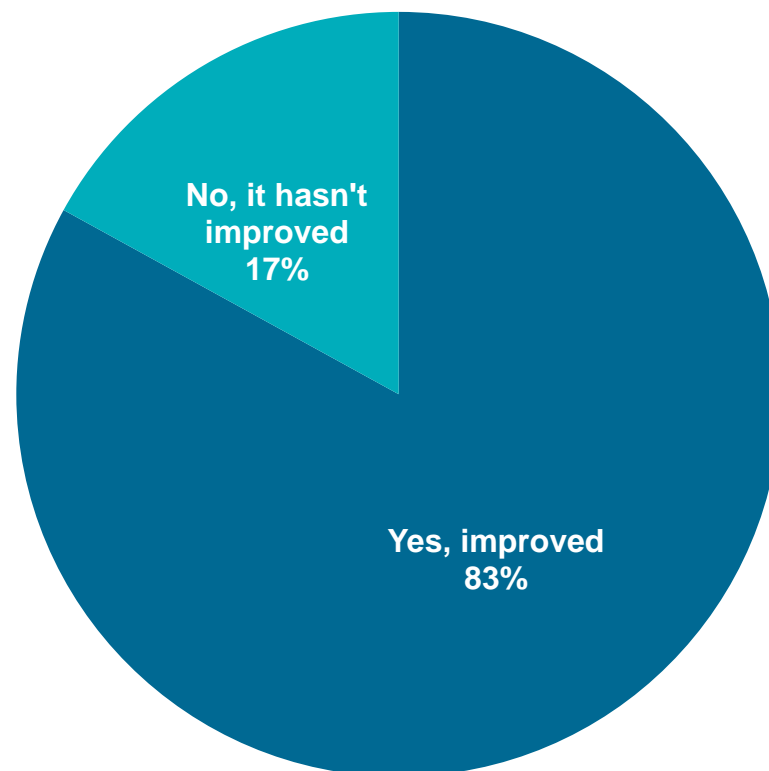


Video Ad Spend Study

April 2018

8 in 10 believe that cross-platform measurement has improved compared to one year ago

Whether Cross-Platform Measurement Has Improved Compared to a Year Ago



Q180d: Do you think cross platform ad measurement has improved compared to a year ago?
Base: Total Respondents

Programmatic Video



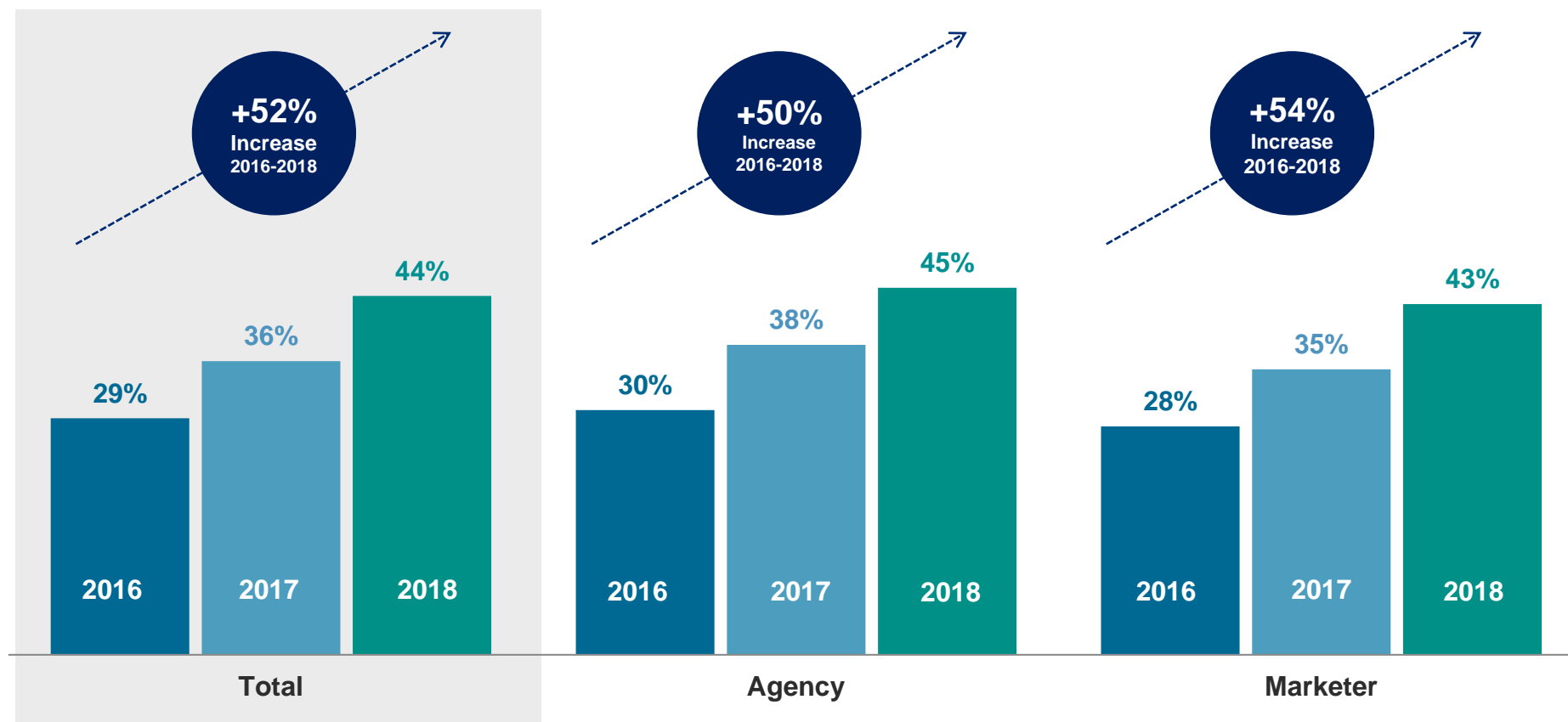
Video Ad Spend Study

April 2018

Share of digital video ad spend bought programmatically will continue to grow in 2018

Average Percent Share of Ad Budgets Spent Programmatically —3 Year Trend

● = % Change in Digital/Mobile Video Dollar Spend 2016 – 2018



Q131: What share of your company's digital video/mobile video ad spending, if any, was bought via programmatic companies (i.e. DSPs, SSPs, RTB) in 2016 and 2017? What share do you anticipate allocating to programmatic in 2018?
Base: Total Respondents

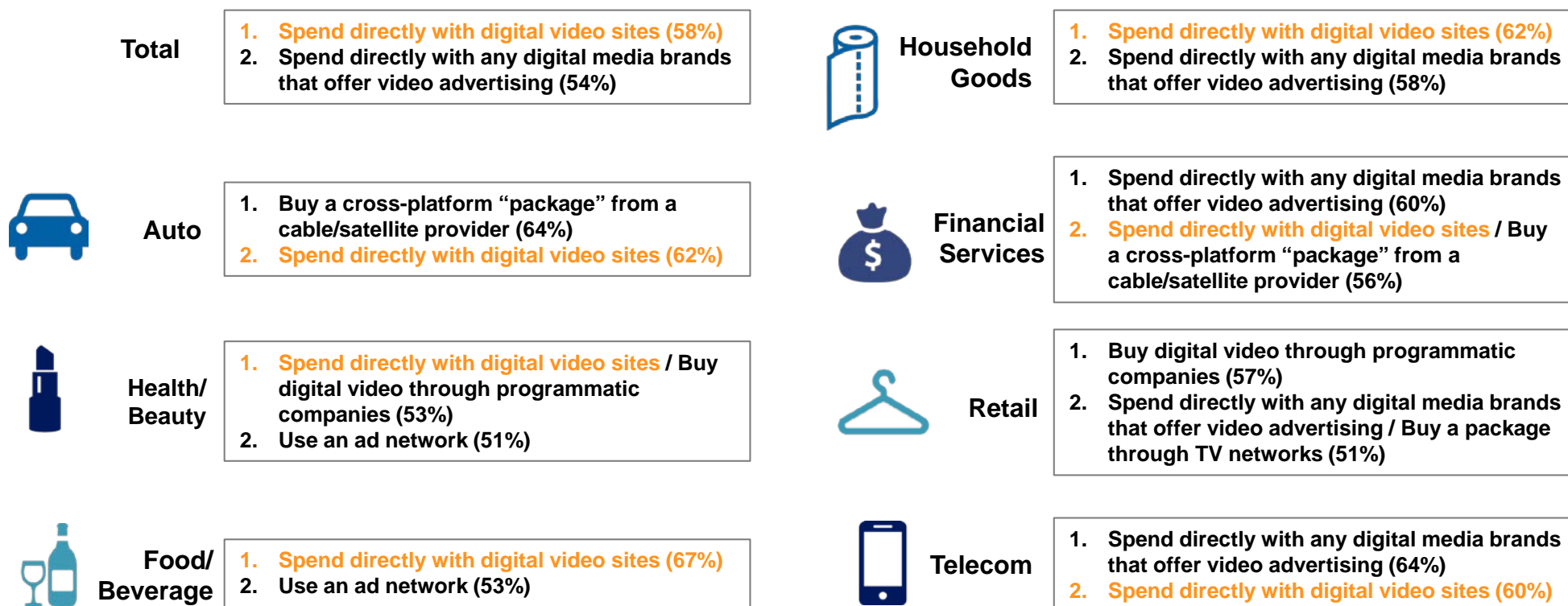


Video Ad Spend Study

April 2018

Spending directly with premium video sites is wide spread among all market sectors, except Retail

Percent of Buyers Who Use This Method to Buy Digital Video; Top 2 Methods by Market Sector



Advanced TV



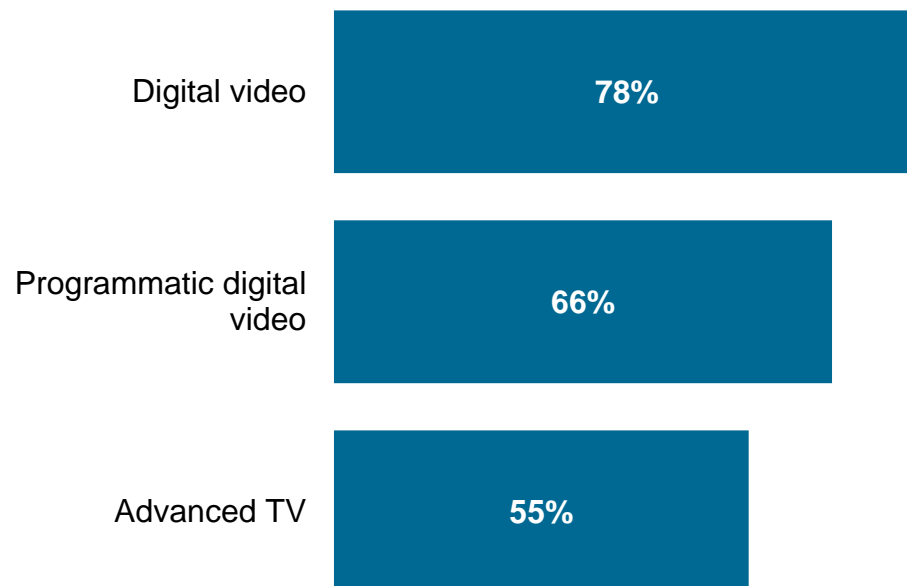


Video Ad Spend Study

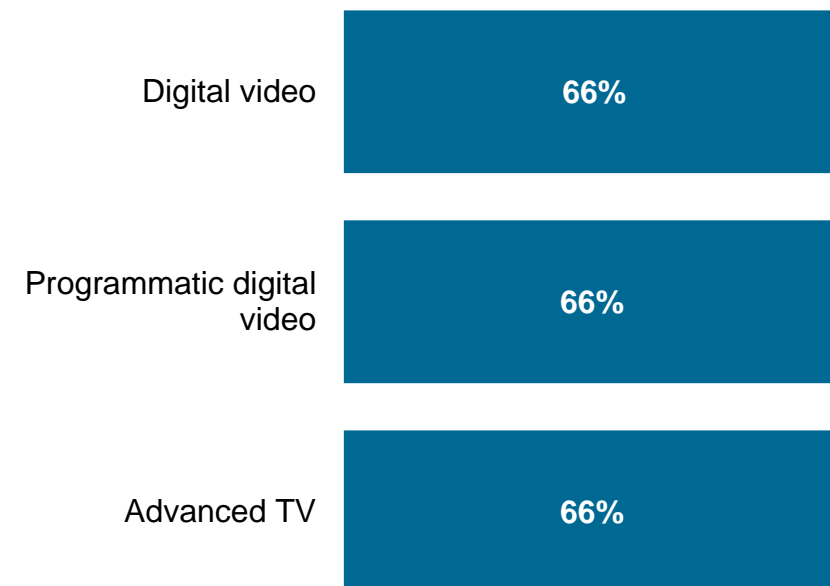
April 2018

Advanced TV audience targeting advertising will catch up to digital video audience targeting in the next 12 months

Data Driven Audience Targeted Advertising – Past 12 Month Purchase



Data Driven Audience Targeted Advertising – Next 12 Month Purchase Plans



Q215: Which of the following media types has your [company/client] purchased data driven audience targeted advertising for in the last 12 months and which data driven audience targeted advertising do you plan to purchase in the next 12 months??

Base: Total Respondents










Video Ad Spend Study

April 2018

Data driven audience targeting methods vary by Market Sector

Data Drive Audience Targeted Advertising – Next 12 Months by Market Sector

	Digital Video	Programmatic Digital Video	Advanced TV
TOTAL	66%	66%	66%
 AUTO	56%	60%	70%
 HEALTH & BEAUTY	65%	71%	61%
 FOOD & BEVERAGE	61%	63%	65%

	Digital Video	Programmatic Digital Video	Advanced TV
 HOUSEHOLD GOODS	82%	64%	74%
 FINANCIAL	74%	68%	70%
 RETAIL	63%	69%	51%
 TELECOM	64%	66%	70%

Q215: Which of the following media types has your [company/client] purchased data driven audience targeted advertising for in the last 12 months and which data driven audience targeted advertising do you plan to purchase in the next 12 months??

Base: Total Respondents

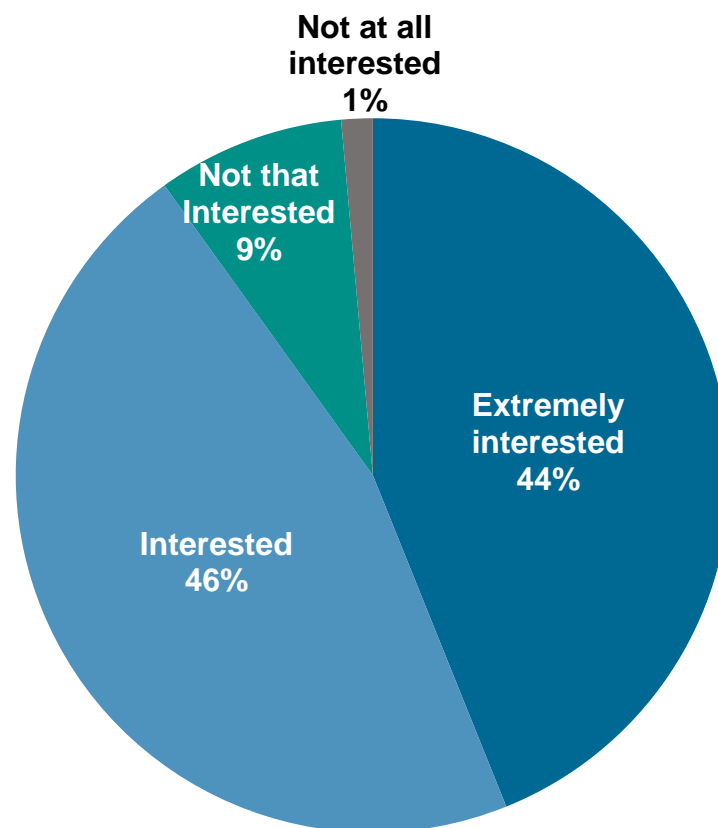


Video Ad Spend Study

April 2018

Strong interest in buying interactive ads on Connected TV

Interest in Interactive Ads on Connected TV Platforms



Q171: To what extent are you interested in buying interactive ads (on connected TV platforms)?
Base: Total Respondents

New Formats



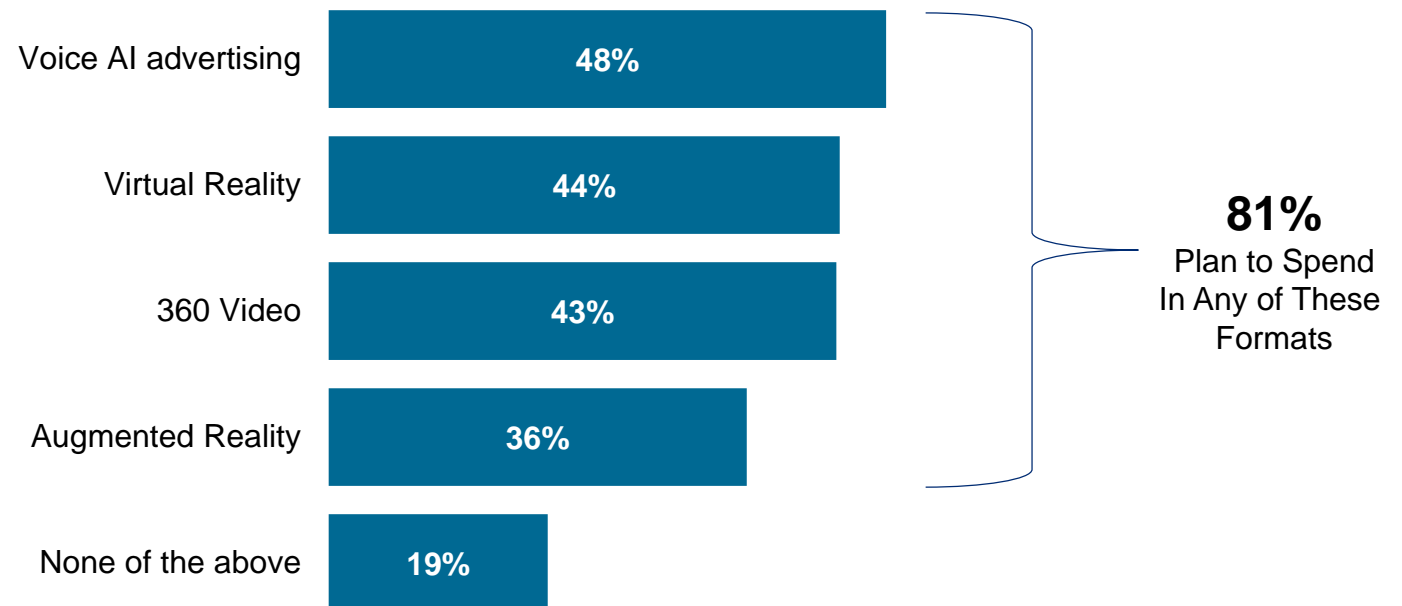


Video Ad Spend Study

April 2018

New Formats: 8 in 10 intend to invest in a new advertising format in the next 12 months.
Voice AI, in particular, is capturing advertiser interest

Advertising Formats Intend to Buy in Next 12 Months



Q185: In the next 12 months do you plan to buy advertising in any of the following formats?

Base: Total Respondents










Video Ad Spend Study

April 2018

New Formats: Telecom Advertisers lead the pack for exploring new advertising trends. Financial, Health & Beauty and Retail Sectors slower to adopt new trends

Advertising Formats Intend to Buy in Next 12 Months

	Voice AI Advertising	Virtual Reality	360 Video	Augmented Reality
TOTAL	48%	44%	43%	36%
 AUTO	54%	48%	44%	38%
 HEALTH & BEAUTY	43%	37%	39%	35%
 FOOD & BEVERAGE	53%	45%	51%	39%

	Voice AI Advertising	Virtual Reality	360 Video	Augmented Reality
 HOUSEHOLD GOODS	52%	54%	38%	30%
 FINANCIAL	38%	26%	38%	24%
 RETAIL	35%	41%	31%	29%
 TELECOM	58%	54%	62%	54%

Q185: In the next 12 months do you plan to buy advertising in any of the following formats?
Base: Total Respondents



Video Ad Spend Study

April 2018

New Formats: 8 in 10 agree the 2017 Newfronts encouraged advertisers to plan VR / 360 degree advertising. Agencies more bullish on VR

Sorted by Agree Somewhat/Completely

Percent of Respondents	Total		Agency		Marketer	
	Agree Completely	Completely/ Somewhat Agree	Agree Completely	Completely/ Somewhat Agree	Agree Completely	Completely/ Somewhat Agree
The 2017 NewFronts encouraged me to investigate/actively plan ways to incorporate VR or 360 degree video advertising into our ad platform line up.*	45%	80%	56%	84%	37%	78%
I believe consumers will be quick to adopt and immerse themselves into VR and 360 degree video ad experience.	38%	76%	40%	80%	36%	73%

Q142. To what extent do you agree with each of these statements about Virtual Reality and 360-degree video advertising?

Base: Total Respondents * Participated in 2017 Digital Content NewFronts



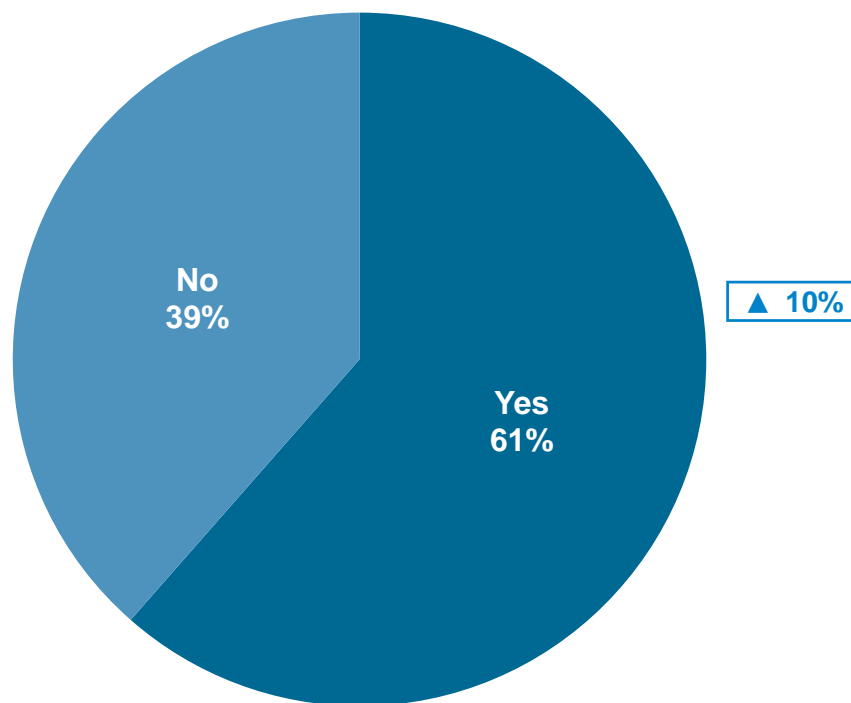
Video Ad Spend Study

April 2018

▲ Notably
Higher/Lower
▼ than previous wave

Ad placements in vertical video increased in 2017

Purchased Ads in Vertical Video in 2017



Q189: Did your [company/client] buy ads in vertical video in 2017?
Base: Total Respondents

Appendix



Video Ad Spend Study

April 2018

▲ Notably
Higher/Lower
▼ than previous wave

A unified multi-platform buying solution (TV + digital video) is becoming increasingly important

Importance of a Unified Multi-Platform Buying Solution (TV + Digital Video)

Extremely/Very important

94% ▲ 14%

Extremely important

43%

Very Important

51%

Q170: With the above statement in mind, how important is it that the media brands/ad networks/DSPs that you work with offer a multi-platform solution that includes both traditional TV and digital video under one media buy?

Base: Total Respondents

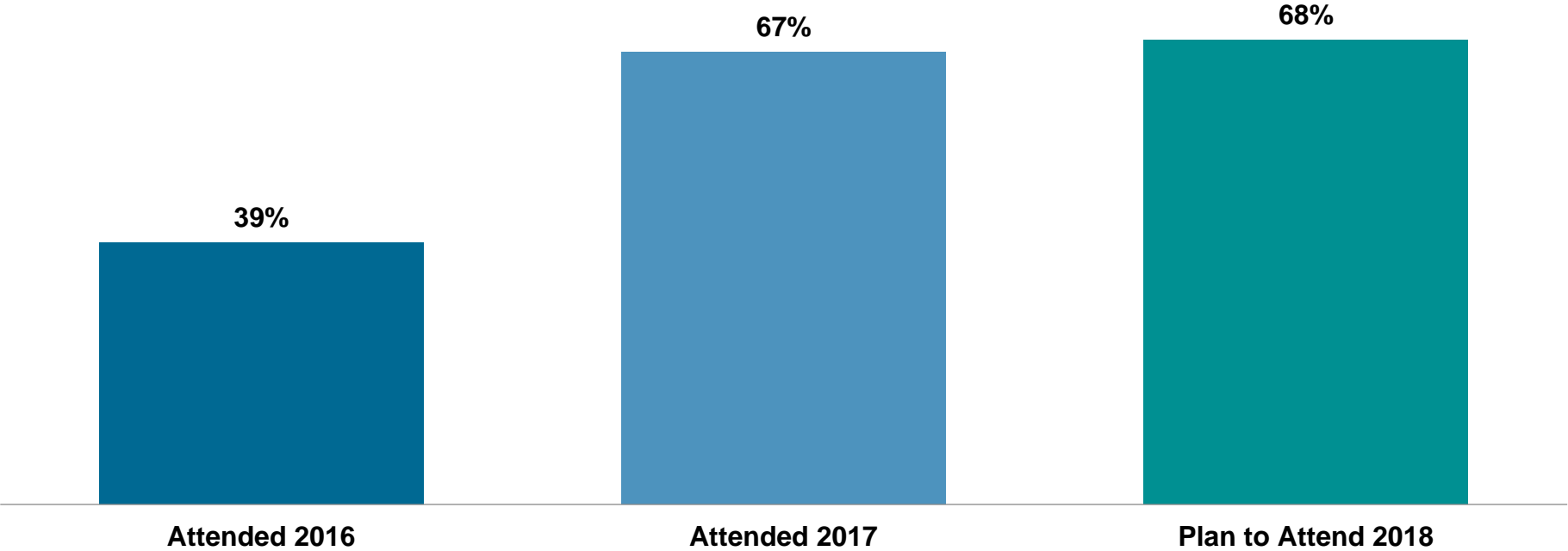


Video Ad Spend Study

April 2018

2 out of 3 Advertisers will attend the 2018 NewFronts

Digital Content NewFronts Attendance 2016 - 2018



S35b: Which Digital Content NewFronts have you attended/do you plan to attend?
Base: Total Respondents



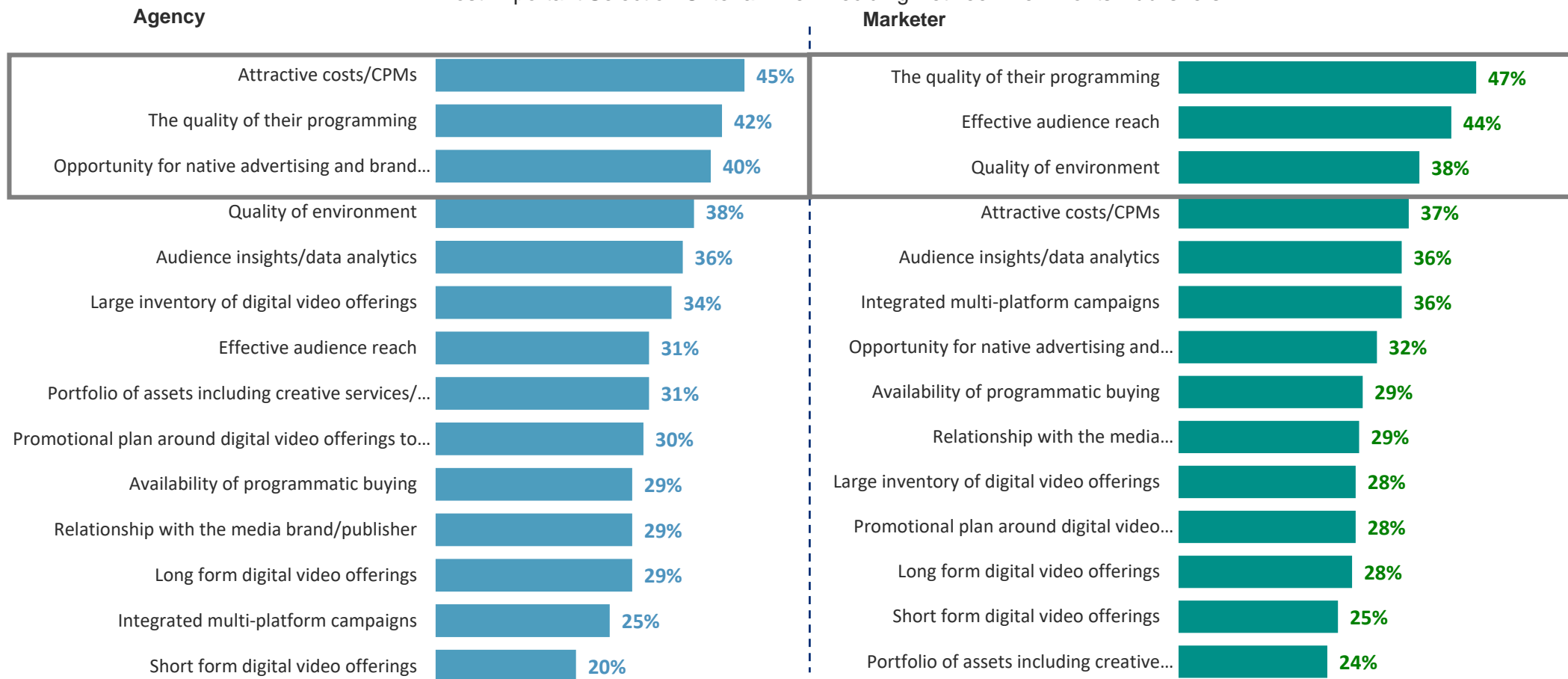
Video Ad Spend Study

April 2018

When selecting an ODV publisher, *quality of programming* is paramount; Agencies place high value on *cost*, while Marketers are interested in *audience reach*

Native ad opportunities are also important for Agencies

Most Important Selection Criteria When Deciding Between NewFronts Publishers



Q164a: Thinking about your digital video spending on Original Digital Video with media brands/publishers that participate in the NewFronts, please select the most important criteria you consider when deciding on which media brand(s)/publishers to advertise with..

Base: Total Respondents Who Allocated to Spending at the 2017 Digital Content NewFronts



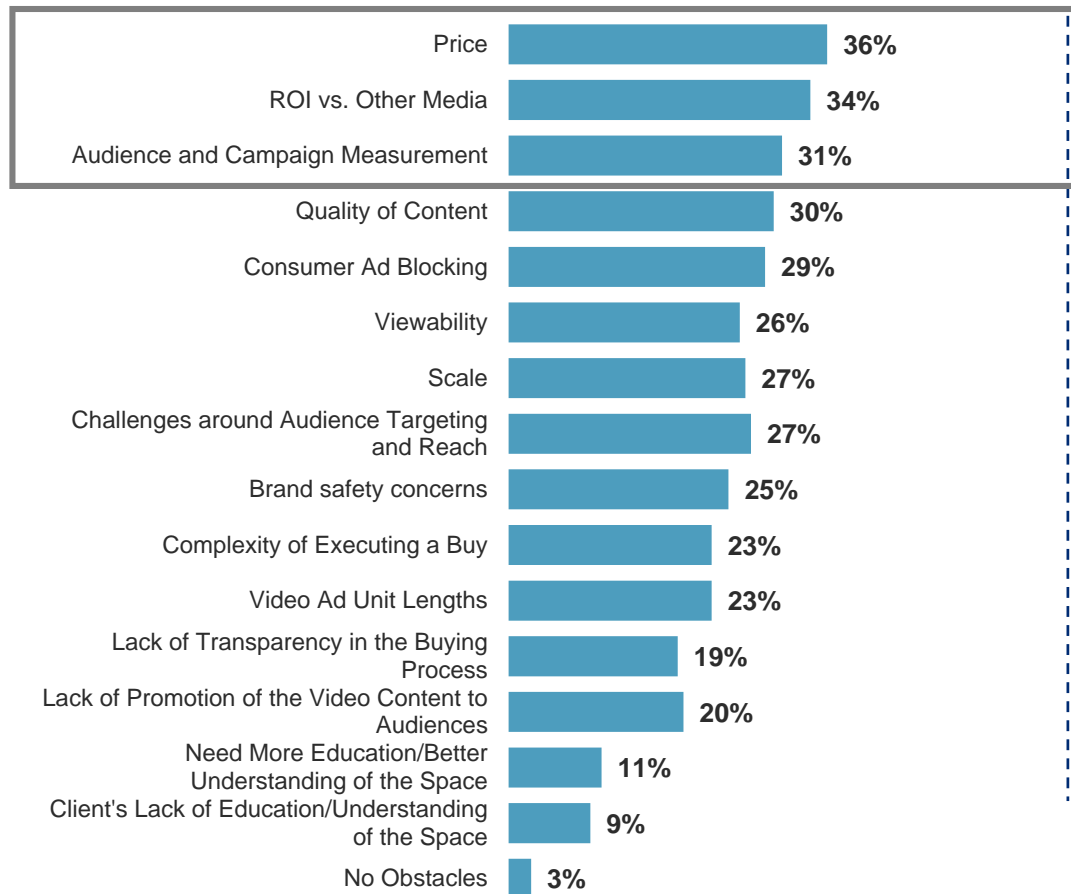
Video Ad Spend Study

April 2018

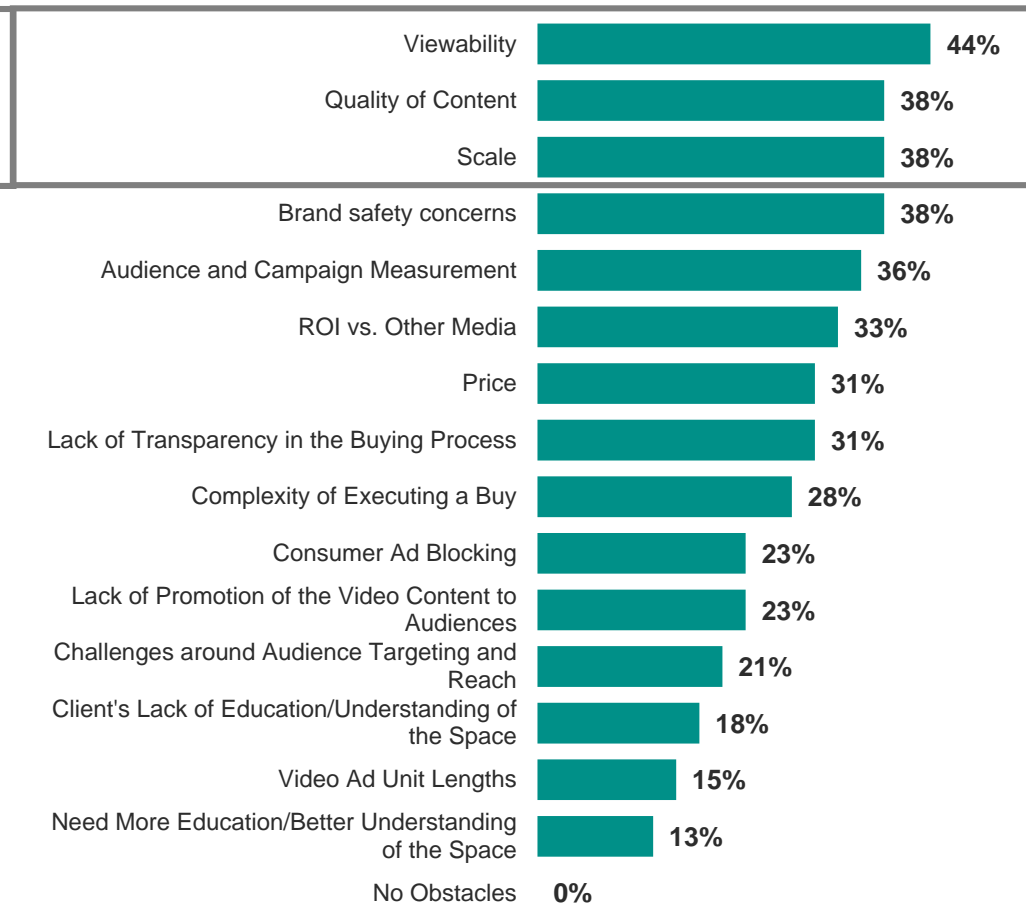
Viewability is a greater concern to TV focused buyers when spending on original digital video

Biggest Obstacles to Spending More on ODV Advertising—By Buyer Type; Sorted by Total

Digital Primary



TV Primary



Q166: What do you view as the biggest obstacles to spending more on original digital video advertising (i.e. the type of video content presented at the NewFronts)?

Base: Total Respondents



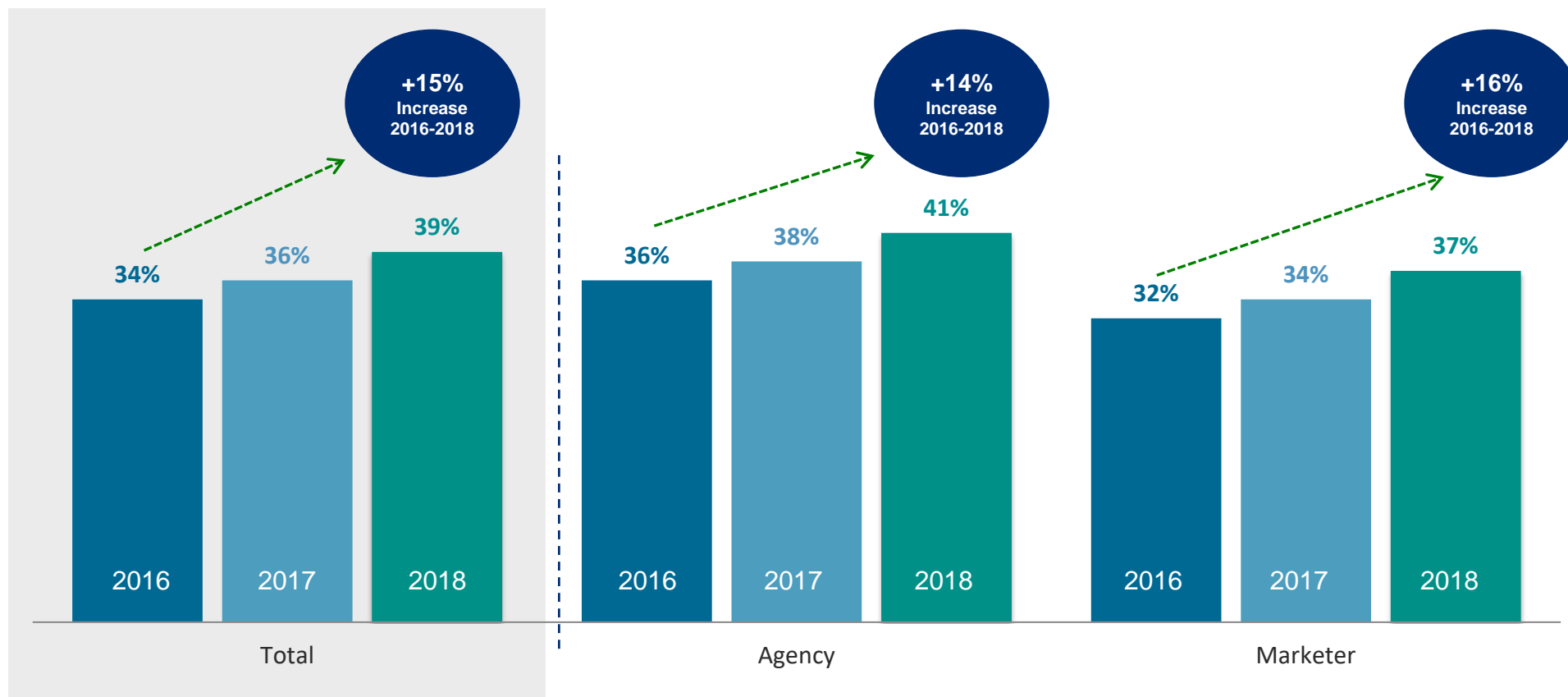
Video Ad Spend Study

April 2018

Advertisers project allocating 40% of digital video ad dollars at the 2018 NewFronts

Share of Digital Video Dollars Tied to the NewFronts, Average Percent

● = % Change in Digital Video Dollar Tied to NewFronts 2016 – 2018



Q135a/b/c: What share of your digital video/mobile video advertising dollars was allocated as a result of the Digital Content NewFronts two years ago (Spring 2016)? Last year (Spring 2017), and this year (Spring 2018)?

Base: Total Respondents

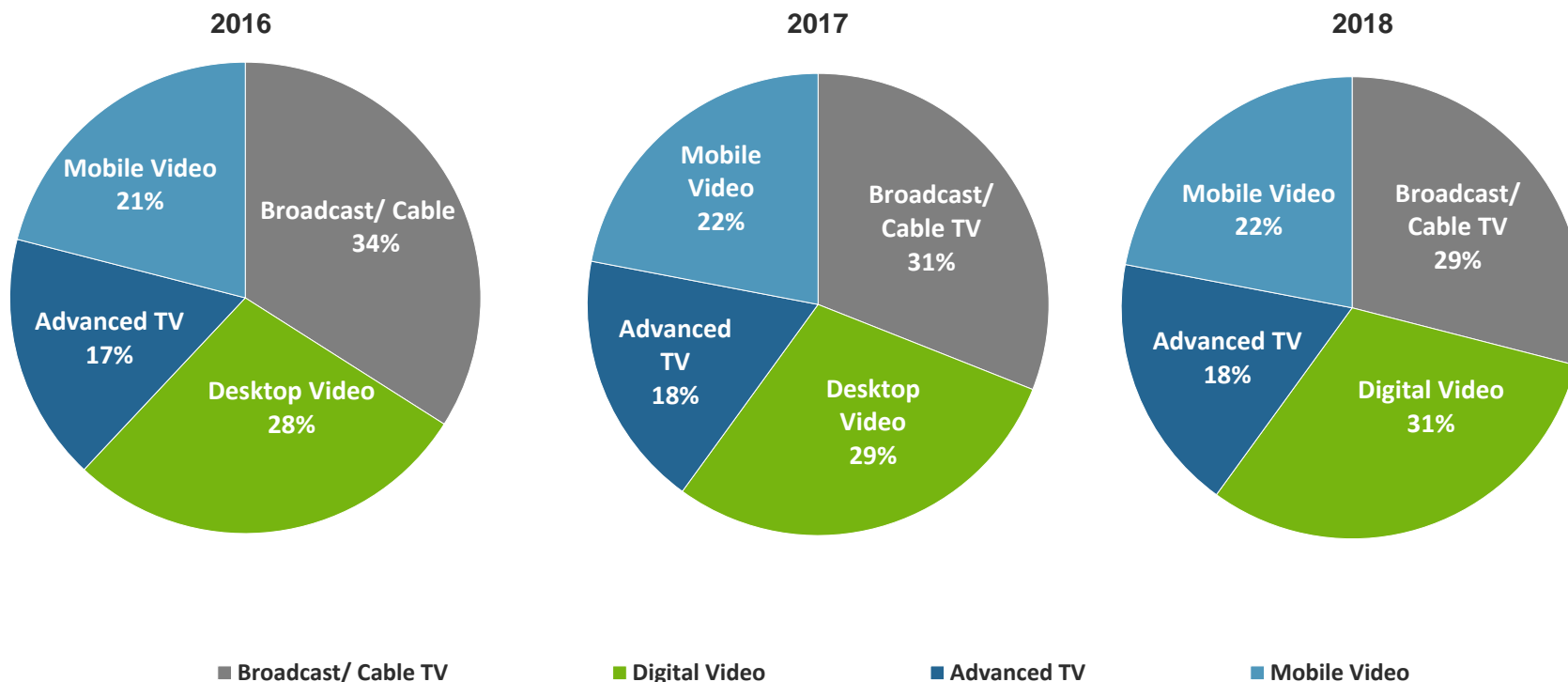


Video Ad Spend Study

April 2018

2018 desktop video allocation ticked up over past 3 years.
Mobile video and advanced TV allocations remain steady

Spend Allocation to Video and TV Advertising Types, Average Percent



Q110: Imagine that the TV and digital video/mobile video advertising budget for [your company's/your client's] biggest or most important product or service in the [MARKET SECTOR] market is a pie and each of these types of advertising is a slice. What share of spending was allocated to each in 2016 and 2017? What share do you anticipate allocating to each slice in 2018?

Base: Involved in Both TV and Digital Video/Mobile Video



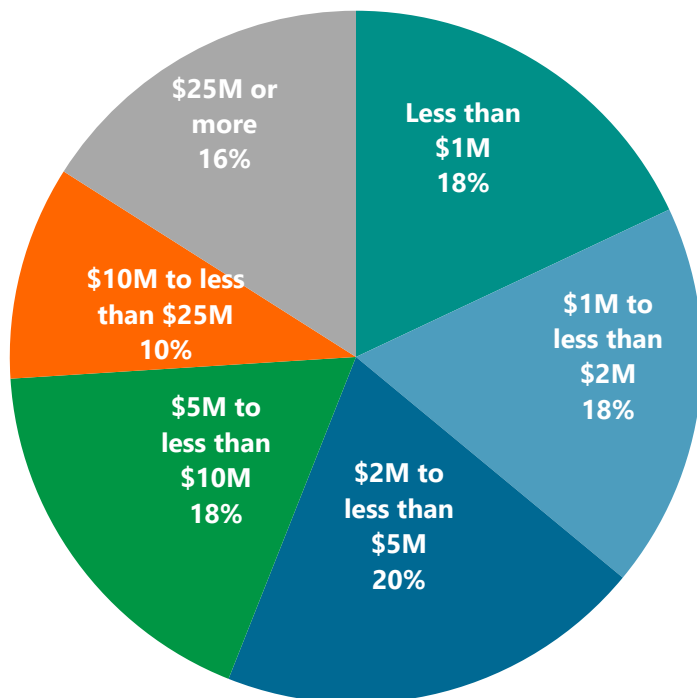
Video Ad Spend Study

April 2018

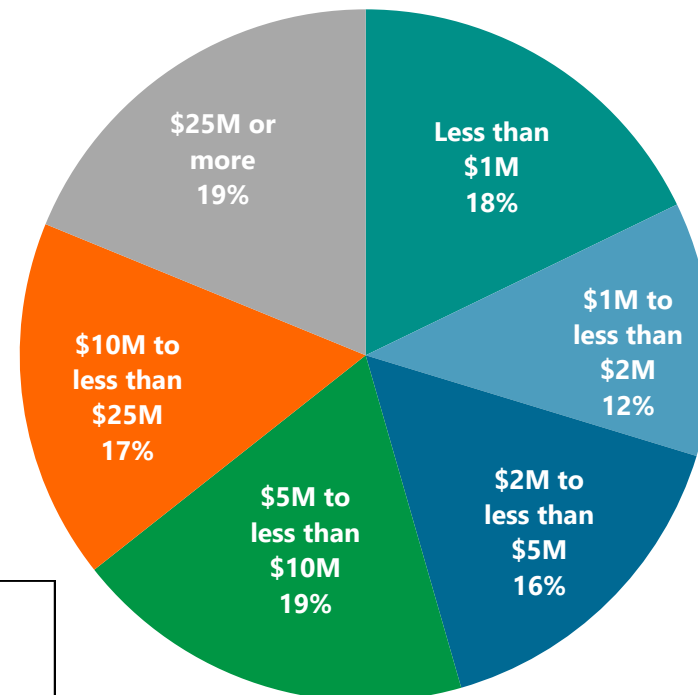
▲ Notably
Higher/Lower
▼ than previous wave

Dollar spend on digital/mobile video and TV in coming year

Digital/Mobile Video Spend



TV Spend



Average Spend (Millions)

Digital/Mobile Video \$11.3

TV: \$14.2 ▼ 5.6M

S30b. Thinking about [TV and Digital Video/Mobile Video", "Digital Video/Mobile Video"] advertising, approximately how much will [your company/your clients] spend on video advertising with the following media types in the coming year?
Base: Total Respondents Involved in Digital Video and TV



Video Ad Spend Study

April 2018

▲ Notably
Higher/Lower
▼ than previous wave

Spend Directly with Digital Video Sites

TV Primary: 67%
Digital Primary: 57%

Spend Directly with any Digital Media Brand
TV Primary: 46%
Digital Primary: 55%

Use an Ad Network
TV Primary: 36%
Digital Primary: 44%

The most common way to purchase digital video is directly with premium video sites/publishers that offer video advertising

Digital Video Buying Options Currently Use

	Total	Agency	Marketer
Spend Directly (Net)	80%	84%	77%
Spend directly with digital video sites	58%	66% ▲ 11%	53%
Spend directly with any digital media brand(s)/publishers that offer video advertising	54% ▲ 17%	56% ▲ 18%	52% ▲ 16%
Buy Package incl. TV + Digital (Net)	72%	68%	75%
Buy a “package” through TV networks that includes digital ad opportunities	50%	48%	51%
Buy a cross-platform “package” from a cable/satellite provider	49%	50% ▲ 10%	49%
Use Ad Network	43%	40%	45%
Buy Digital Video Through Programmatic Companies	53%	49%	55%

Q175: Which of these digital video advertising options do you currently use?
Base: Total Respondents

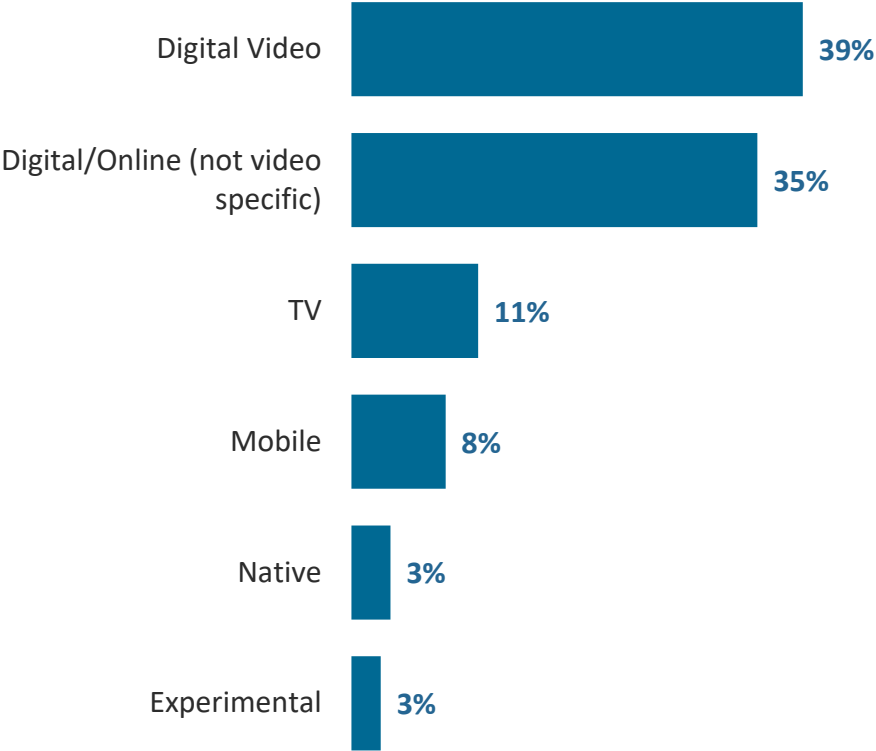


Video Ad Spend Study

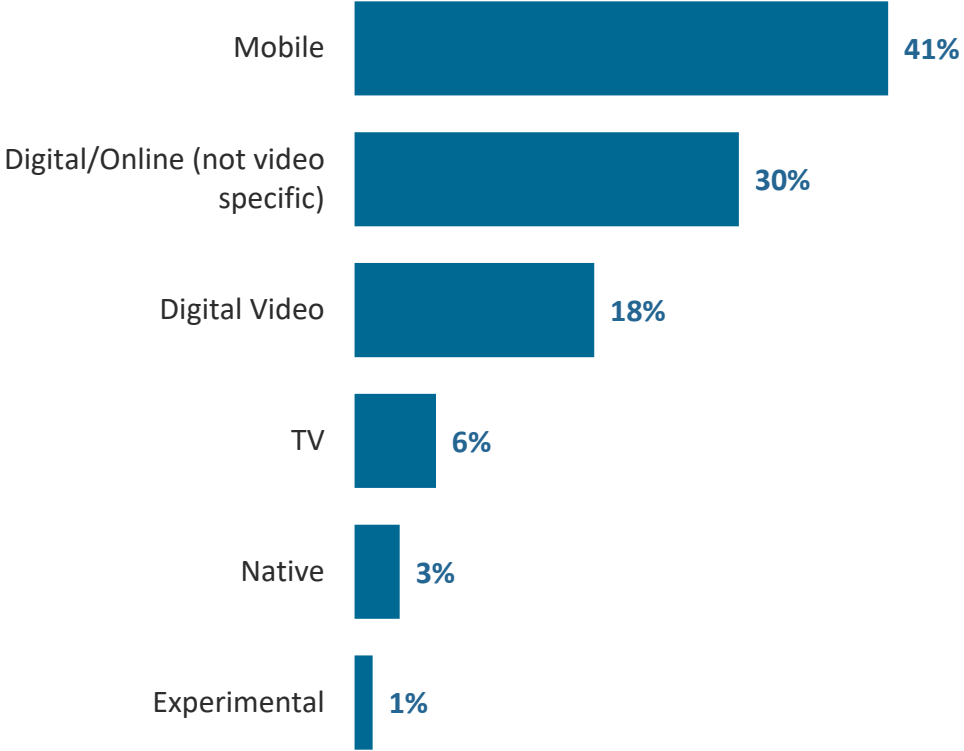
April 2018

Primary budget source

Primary Source of **Digital** Video Budgets



Primary Source of **Mobile** Video Budgets



QS16. Which budget primarily funds your digital video (not including mobile) advertising?

Base: Total Respondents

QS17. Which budget primarily funds your mobile video advertising?

Base: Respondents in Mobile Video

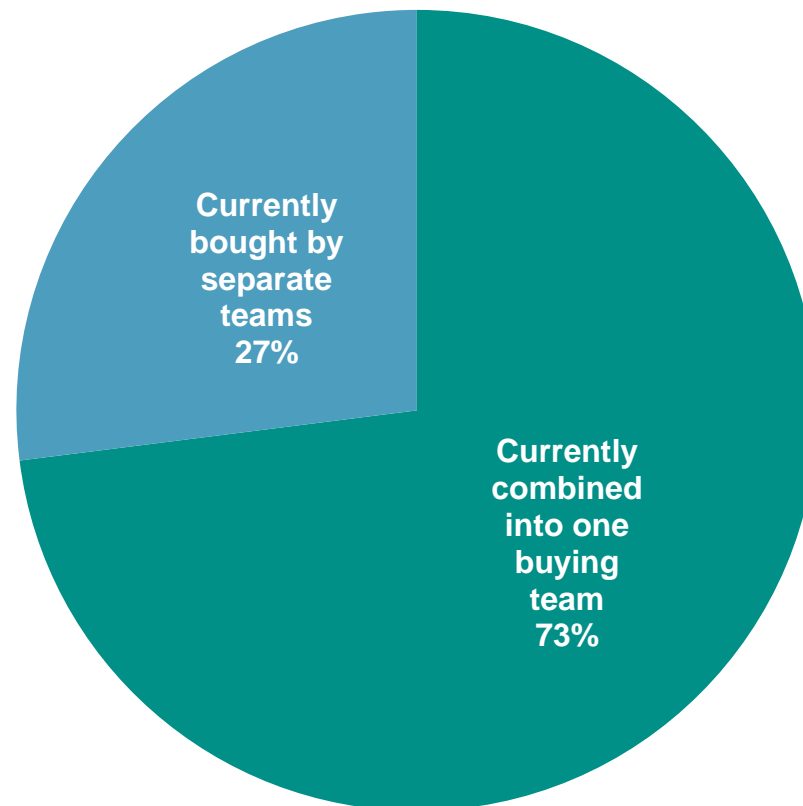


Video Ad Spend Study

April 2018

Advertisers are multi-tasking, combining digital and linear TV media buying teams

Digital and Linear TV Buying Method



S16a. Which of the following describes how you buy digital video and linear television ?
Base: Total Respondents Involved in Digital Video and TV



IAB 2018 Video Ad Spend Study

Questions?

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What Advertisers Think™

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The Stronger Your Brand

The More You'll Sell™