IAB Video Advertising Spend Report

2019 Digital Content NewFronts

April, 2019

Commissioned Partner: Advertiser Perceptions™

Contents

NEW FOR 2019

IAB is committed to reporting and analyzing how the DTC Brand Economy is impacting the industry overall—from innovations to go-to-market strategies, from product delivery to ad delivery, from customer acquisition to audience targeting and optimization, from revenue to media measurement, and more.

As part of that commitment, this report includes a breakout of Direct to Consumer Brands (note: direct-to-consumer brands include DTC Brands—i.e., brands that are digitally native and follow the stack-your-own supply chain business model^).

For more information on DTC Brands please visit: https://www.iab.com/direct-brand-economy/

Digital Video Ad Spend: Executive Summary

Ad spend in Digital Video continues to accelerate: Marketers report an increase for digital video budgets by 25% y/y

And the growth is occurring in all categories—with Media & Entertainment reported at +75% and Fashion/Apparel at +45% since 2018

Areas driving spend increases:

- Original Digital Video content— ODV now averages $9.3M (up 31% y/y); although advertisers consider ODV "essential", the spend on this content type is still challenged by "quality of content"
- Advanced TV— Nearly 60% of advertisers report that they will increase their budgets for ATV this year, primarily because they find OTT to be beneficial in delivering tough to reach audiences
- Mobile and Desktop have reached parity in spending, with nearly two-thirds of the total digital video spend allocated evenly across the two devices
- Programmatic— Growth in digital video programmatic spending is expected to rise +4% year/year, now reaching 53% overall
- This year's report also includes spend among direct to consumer marketers (DTC). While this is only 17% of the total sample size for this report, we can see, directionally, that DTC marketers expect to allocate more than 50% of their digital spend on digital video advertising (a +50% y/y increase)

Note: NewFronts presenters have a clear advantage capturing advertisers' spend. Buyers expect to allocate 43% of their digital video budgets at this time.

Methodology

350 Online Interviews Conducted

Survey Fielded: February 18 - March 1 2019

Total Sample: Marketer and Agency decision-makers in the following sectors:
Automotive, CPG, Fashion & Apparel, Finance, Home Furnishings Media & Entertainment, Retail, Telecommunications

Note: Sample has changed from previous IAB Video Ad Spend reports with the inclusion of Direct to Consumer (DTC) marketers

New for 2019: Direct to Consumer Marketers are now included and comprise 17% of the total sample.
DTC data should be used directionally only.

Also new this year, sample now includes Fashion & Apparel, Media & Entertainment and Home Furnishings advertising decision makers

Note: Data falling below the stable threshold are noted for directional purposes and to be used directionally only

Qualification: Involved in Digital Video Advertising Decision-Making (categories as per above); $1M+ Total Annual Ad Spend; must have at least a modest understanding of the Digital Content NewFronts

Throughout the report '**Original Digital Video Content**' refers to programming (not advertising) that is professionally produced specifically for digital/online consumption and is ad supported. **For additional Taxonomy,** please refer to the last page of this presentation.

Key Highlights

Digital Video Growth

- Advertisers will spend 25% more on digital video than they did last year
- Nearly 3 in 4 buyers are planning to increase their digital video ad spend in next 12 months
- Nearly two-thirds of digital budgets are allocated to video—with Mobile and Desktop video evenly allocated

DTC Brand Trends

- DTC Brand ad buyers expect to spend more on their brand's digital video advertising, increasing their investment at higher pace than Incumbent marketers, an increase of more than 50% from last year
- 78% of DTC Brands plan to increase their ad spend on digital video in the next 12 months
- DTC Brands are deeply invested in digital video and are much more likely to increase their Advanced TV and OTT spend
- Original Digital Video spending by DTC brands is expected to substantially increase in 2019
- DTC Brand advertisers are more likely than Incumbent brands to report the Digital Content NewFronts as very influential on their ad spend decisions

NOTE: For definitions, please see **Taxonomy** page in the Appendix of this deck

Key Highlights

Original Digital Video (ODV) Spending & Trends

- Continued growth: Year after year, Advertisers continue to increase their spending on Original Digital Video. This year is no different with spending growing by 31% from last year.
  - DTC marketers report that 2019 will be a year of significant spend increases in ODV
  - Advertisers report that content quality is the top differentiator when identifying ODV partners

Digital Content NewFronts: Impact and Importance

- The NewFronts have a substantial influence on Original Digital Video advertising spend decisions for 84% of advertisers
- 8 in 10 advertisers agree that their attendance at the 2018 NewFronts resulted in increased spending on Original Digital Video content
- More than half of attendees report that the NewFronts resulted in greater spending throughout the year
- 43% of Advertisers' ODV budgets will be allocated at the NewFronts. NewFronts presenters have a clear advantage capturing advertisers' spend.

NOTE: For definitions, please see **Taxonomy** page in the Appendix of this deck

Digital Advertising Trends

Native Advertising continues to grow with just over half of Advertisers reporting an increase in their spend in 2018 compared to 2017

Social Media is having a significant effect on Advertisers' attitudes regarding budget allocation: 7 in 10 advertisers currently use influencers in their digital video advertising; another 9% plan to in the next year

- The new ad formats advertisers plan to increase their use of include Vertical Video Ads*, Stories**, and Shoppable Video Ads***

Advanced TV spend expected to grow significantly

- 59% of buyers plan to increase their Advanced TV spend in the next 12 months

OTT spend to increase significantly

- Half of buyers plan to spend more on OTT this year while 44% plan to maintain spend, despite disagreement over the definition of OTT (half consider OTT to be video on TV screens, half don't)
- OTT is valued for the ability to deliver hard to reach audiences, followed by ability to better optimize ad campaigns in the future with relevance. Price, measurement and lack of scale are reported drawbacks

Multi Platform Buying

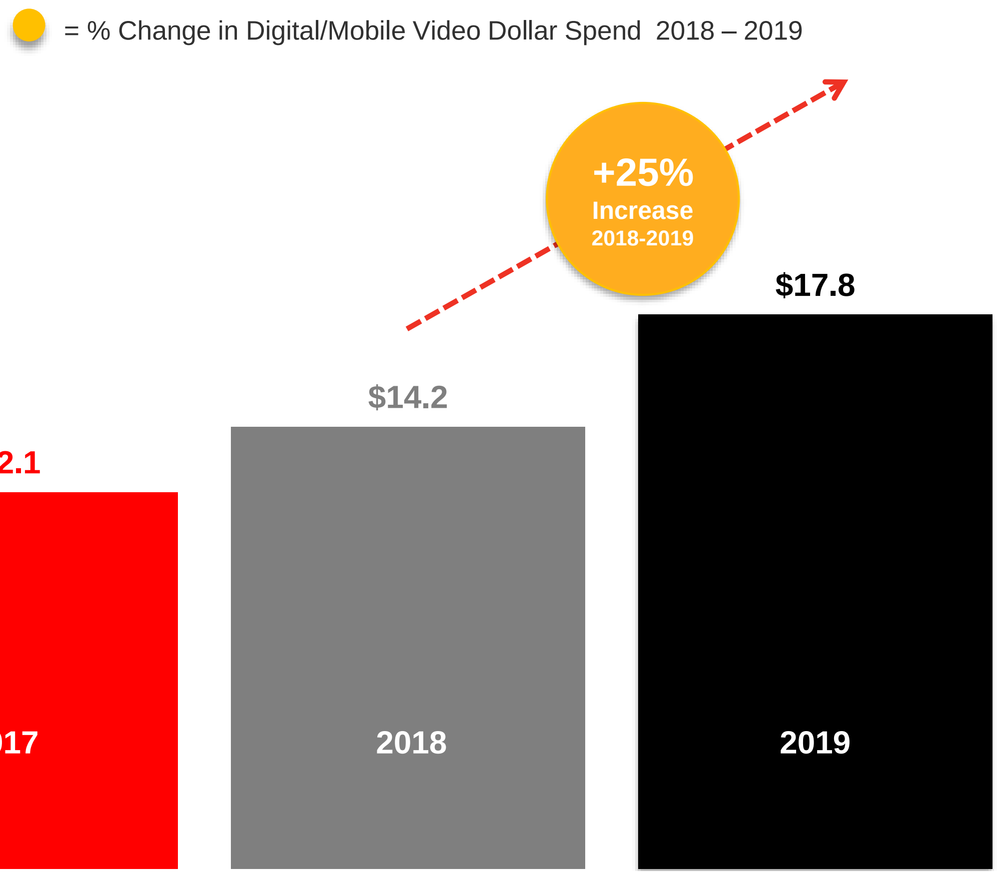
- More than 8 in 10 advertisers agree that a unified multi-platform buying solution (TV + digital video) is important

NOTE: For definitions, please see **Taxonomy** page in the Appendix of this deck

Digital Video

Advertisers will spend ~25% more on digital video advertising in 2019

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



Q15: Previously you said your company will spend [INSERT RANGE] on digital video (desktop and mobile) in 2019. 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 2017 and 2018? What do you anticipate spending in 2019?
Base: Total Respondents

Video ad spend has grown across all verticals, particularly in Media & Entertainment and Fashion

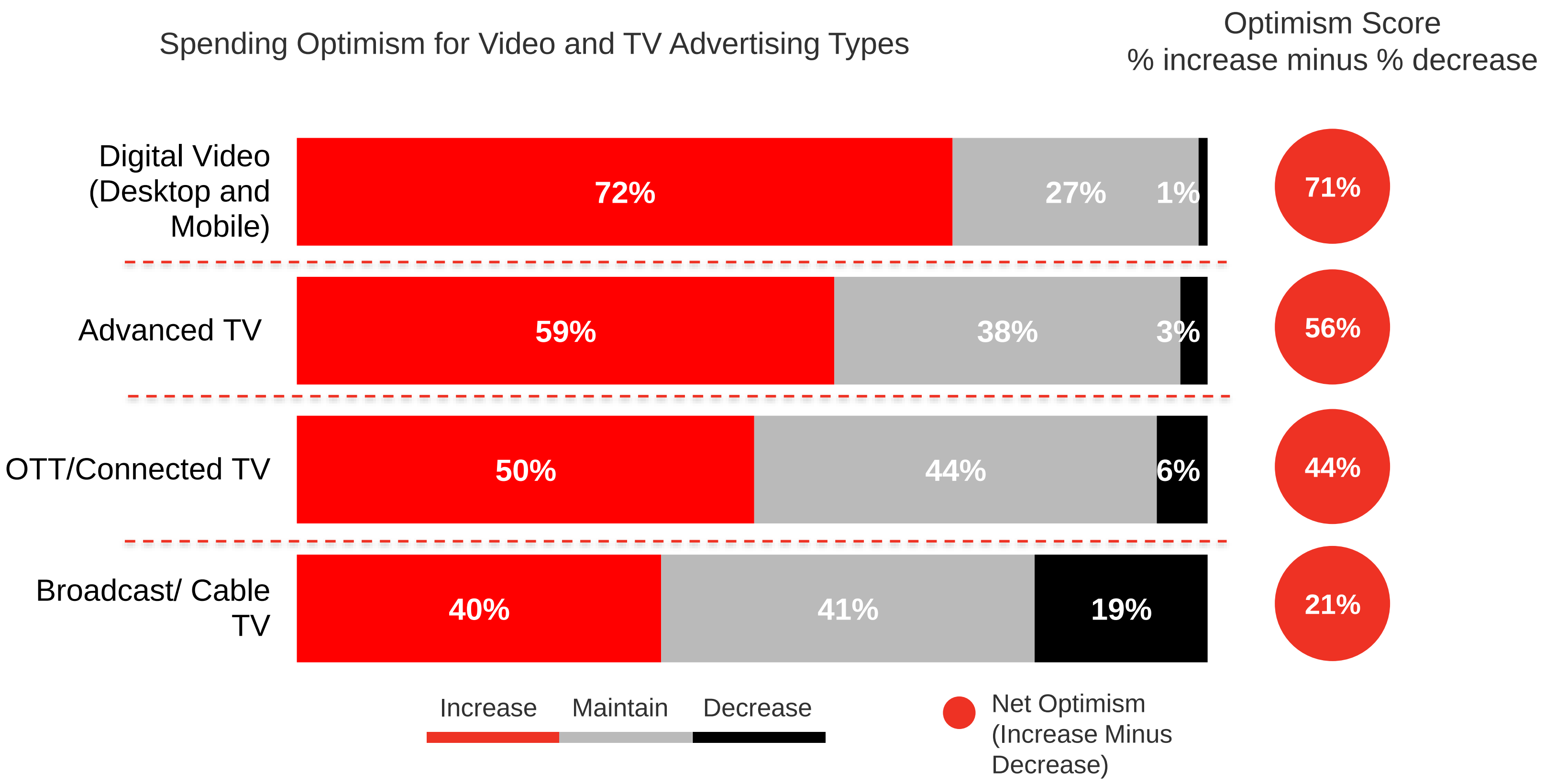
2019 Average Dollar Amount Spend in Millions on Digital/Mobile Advertising by Market Sector

	Est. Ad Spend	Change since 2018
TOTAL	$17.8 M	+25%
AUTO	$18.9 M	+15%
FASHION/ APPAREL	$22.5 M	+45%
FINANCIAL	$15.3 M	+12%
HOUSEHOLD GOODS	$10.5 M	+2%

	Est. Ad Spend	Change since 2018
FURNITURE/ APPLIANCES	$19.4 M	+20%
MEDIA & ENTERTAINMENT	$15.6 M	+75%
RETAIL	$23.4 M	+24%
TELECOM	$19.0 M	+10%

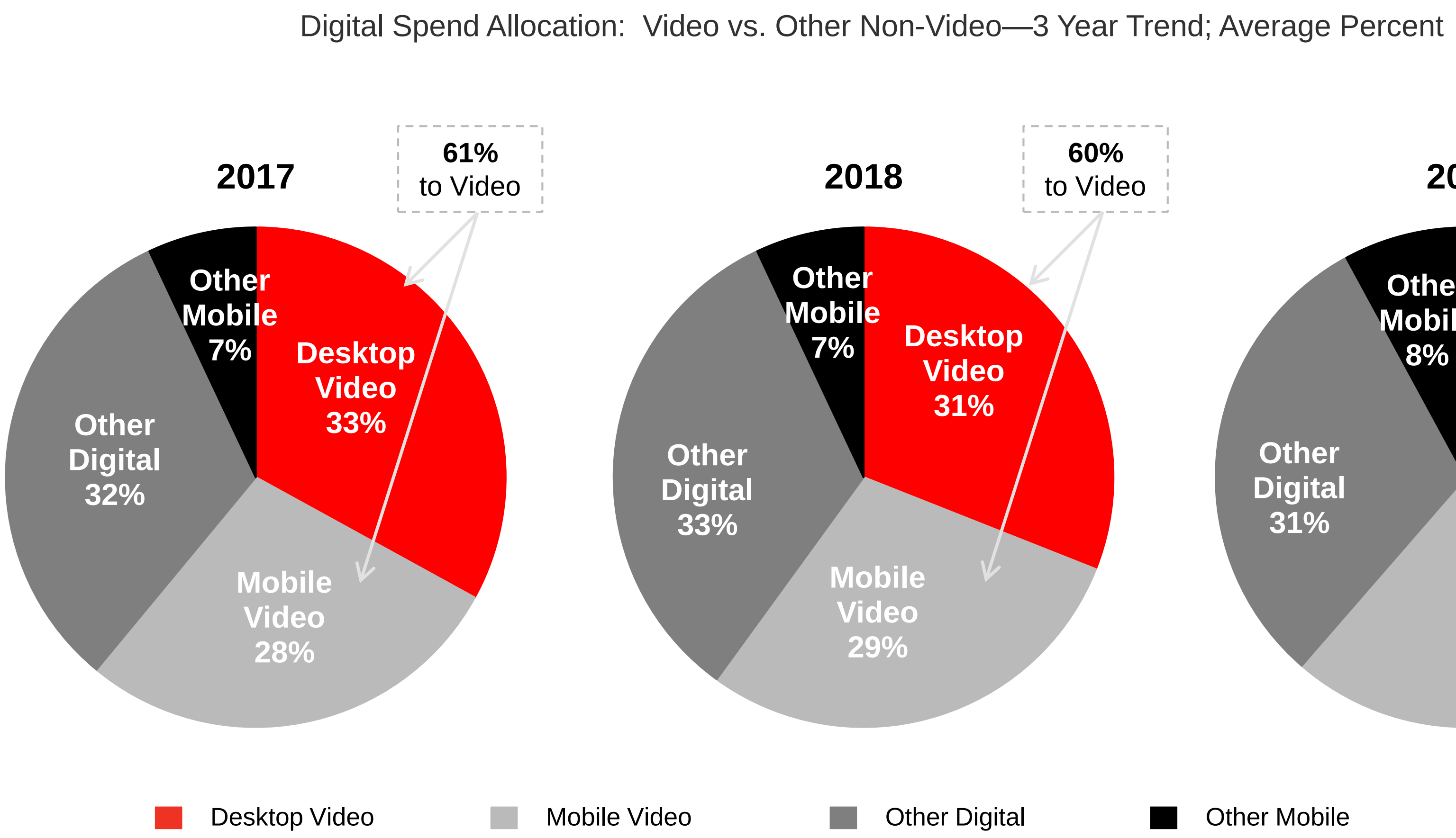
Q15: Previously you said your company will spend [INSERT RANGE] on digital video (desktop and mobile) in 2019. We'd like to get a bit more detail on that and prior year's spending. To the best of your knowledge, what exactly was that spending amount in 2017 and 2018? What do you anticipate spending in 2019?
Base: Total Respondents

Nearly 3 in 4 buyers are planning to increase their digital video ad spend in next 12 months



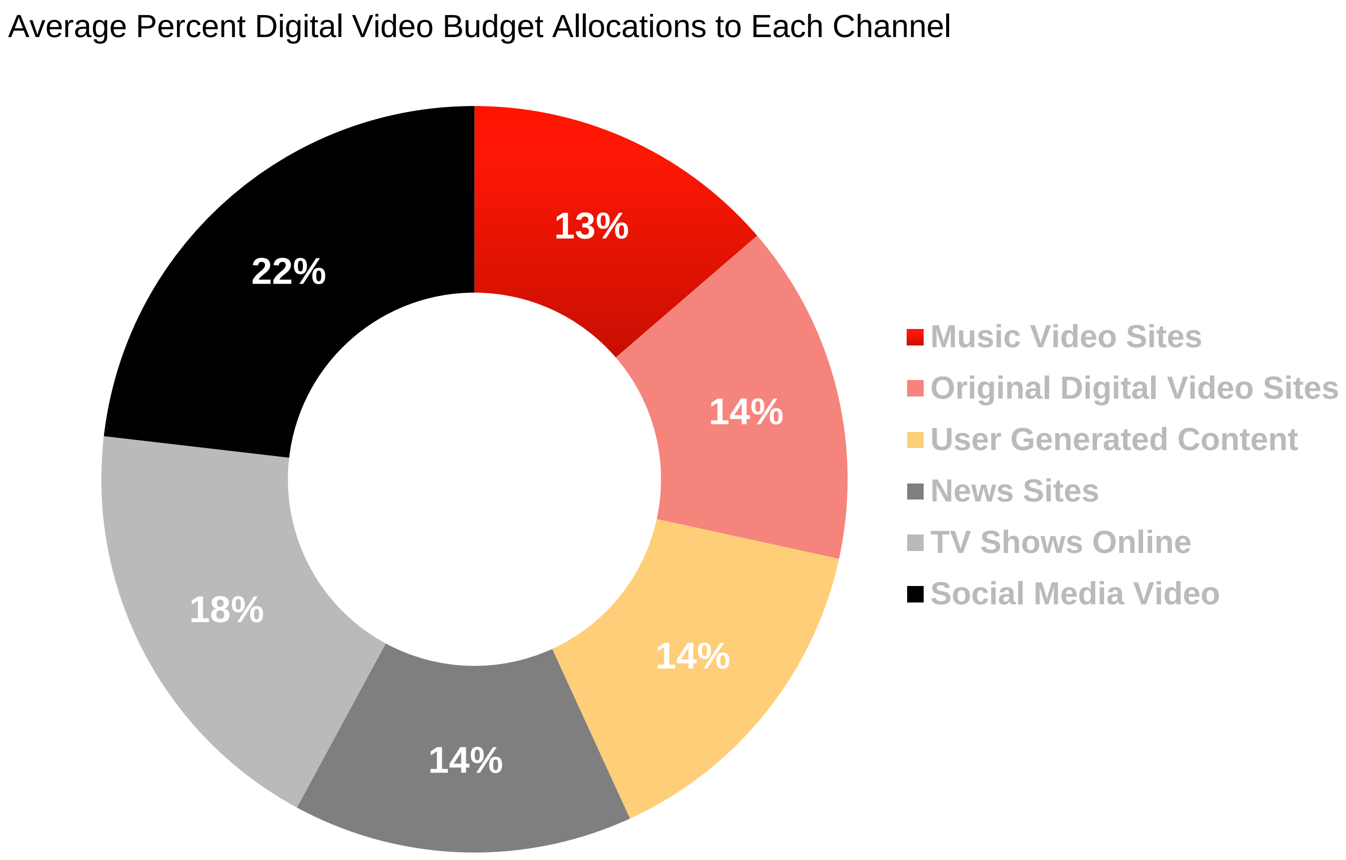
Q10: In the next 12 months, would you expect the amount of [your company's/your clients'] spend on the following types of advertising to increase, stay the same or decrease?
Base: Involved in Media Type

Nearly two-thirds of digital budgets are allocated to video—with Mobile and Desktop video reaching parity



Q25: 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 sector, what share of spending was allocated to each of the following advertising formats in 2017 and 2018? What share do you anticipate allocating to each in 2019?
Base: Respondents Involved in Digital Video and Digital Display

Digital Video Content: Buyers are allocating more than 75% of their spend outside of social space

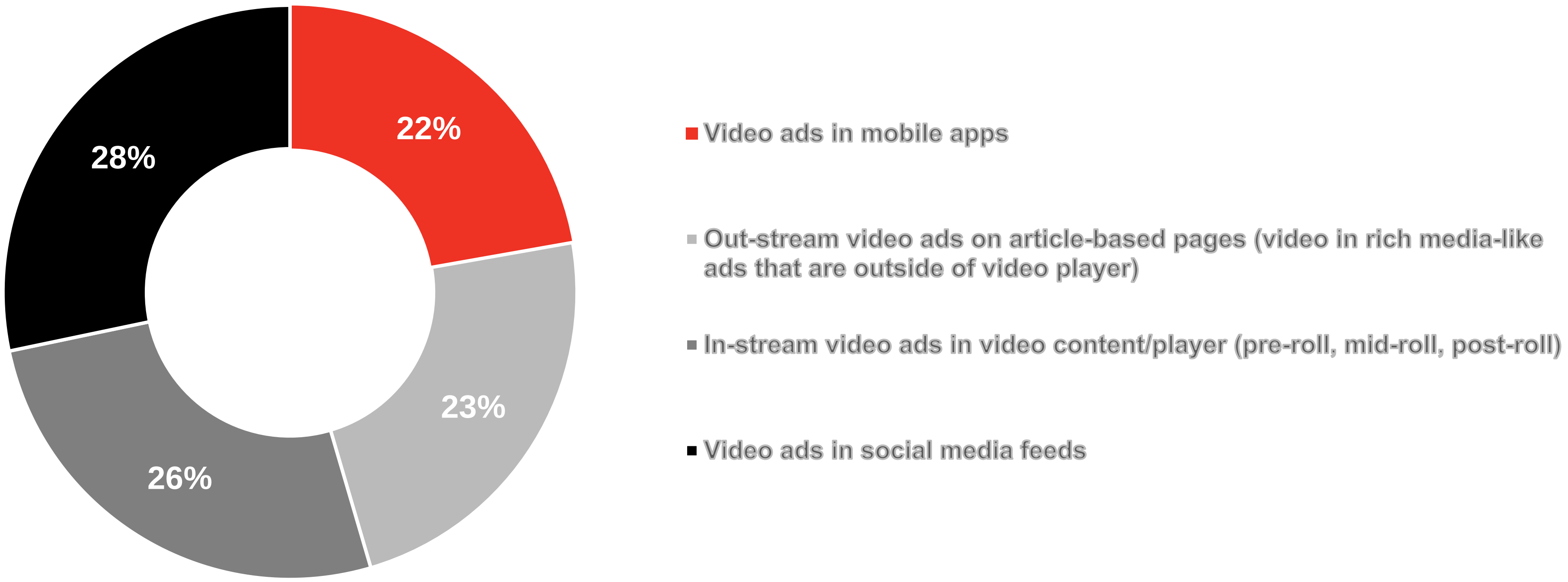


Q30: Imagine that the digital video (desktop and mobile) advertising budget for [your company's/your client's] biggest or most important product or service in the [MARKET SECTOR] market sector is a pie and each of these types of digital /mobile video advertising is a slice. What share do you anticipate allocating to each slice in 2019?

Base: Total Respondents

Video Ad Formats: Digital video budgets are evenly distributed across video ad formats

Average Percent Allocation to Each Digital Video Allocations to Video Ad Format

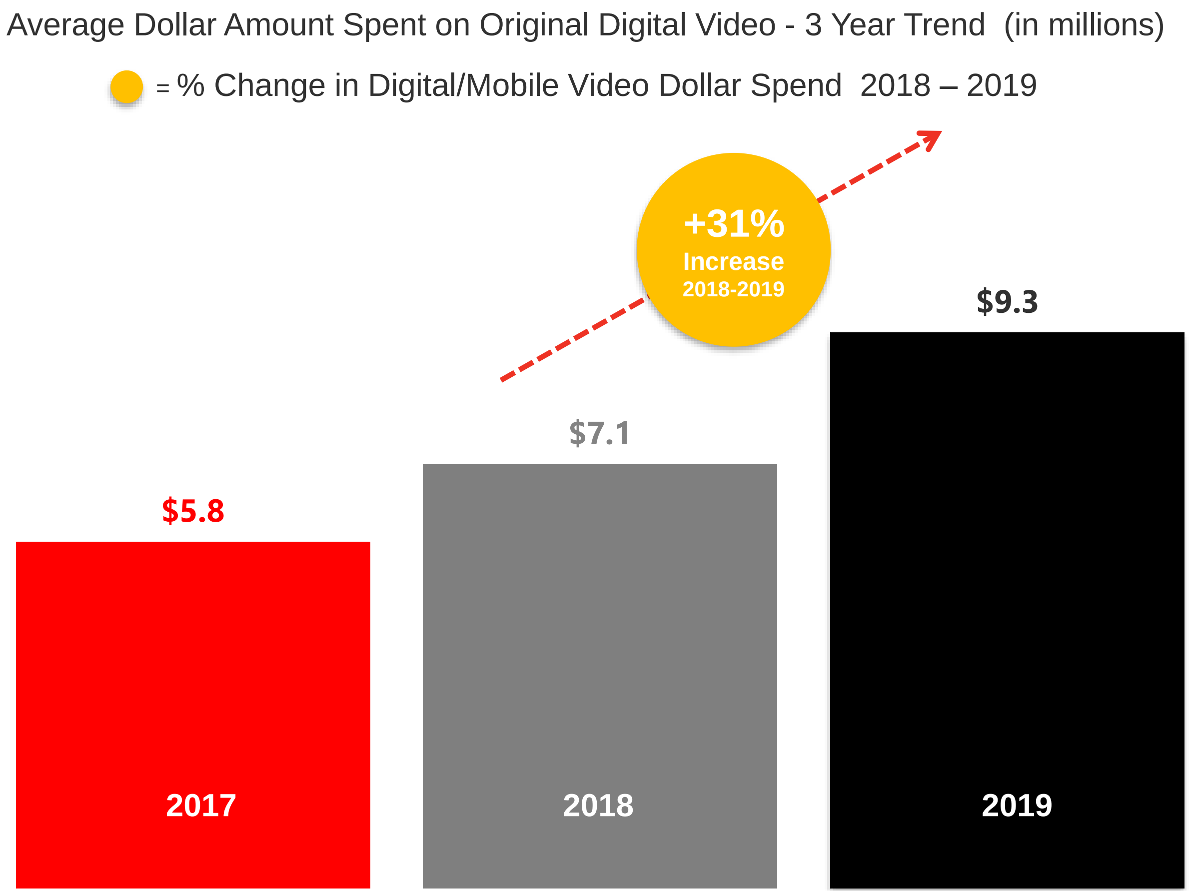


Q35: What percent of your digital video (desktop and mobile) budget for [your company's/your client's] biggest or most important product or service in the [MARKET SECTOR] market sector is spent on:

Base: Total Respondents

Original Digital Video

Average annual spend per advertiser on original digital video (ODV) up 31% from last year

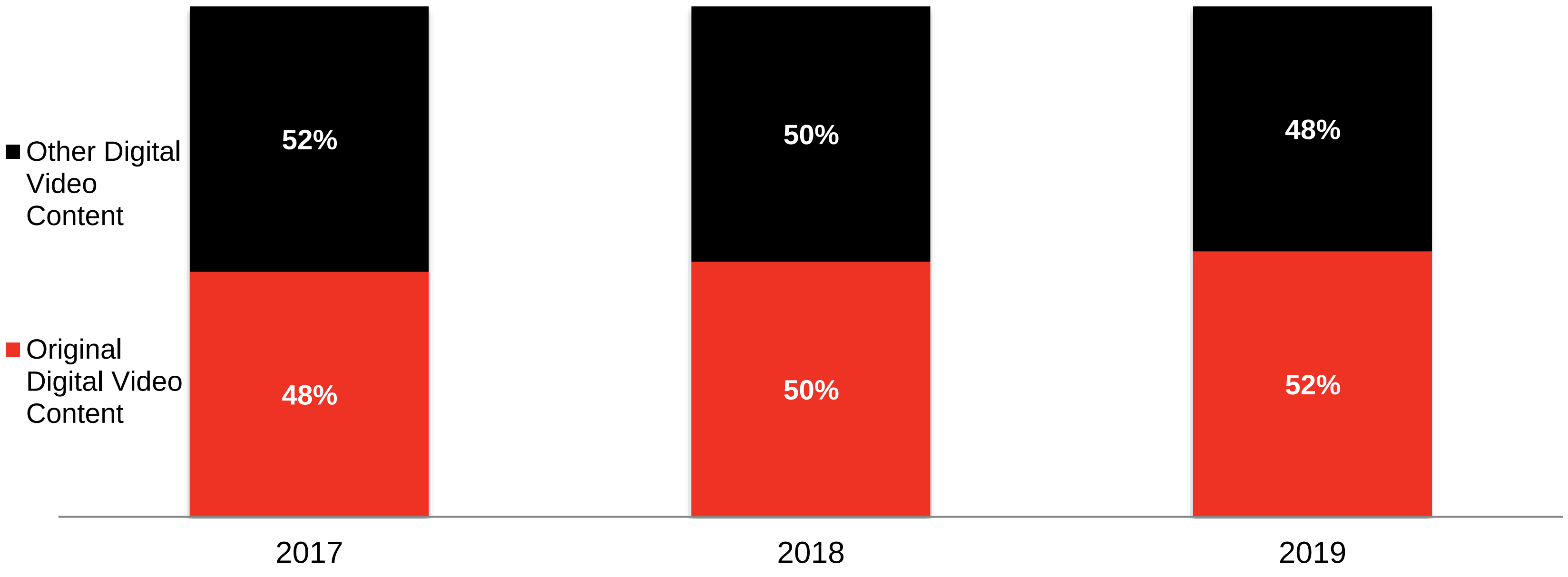


Q15: Previously you said your company will spend [INSERT RANGE] on digital video (desktop and mobile) in 2019. We'd like to get a bit more detail on that and prior year's spending. To the best of your knowledge, what exactly was that spending amount in 2017 and 2018? What do you anticipate spending in 2019?

Q85: What portion of your total digital video (desktop and mobile) advertising budget for [your company's/your client's] biggest most important product or service in the [MARKET SECTOR] market sector was spent advertising on each type of content in 2017 and 2018? And what do you anticipate those shares will be in 2019?
Base: Total Respondents

ODV has gained a small incremental share of overall digital video budgets

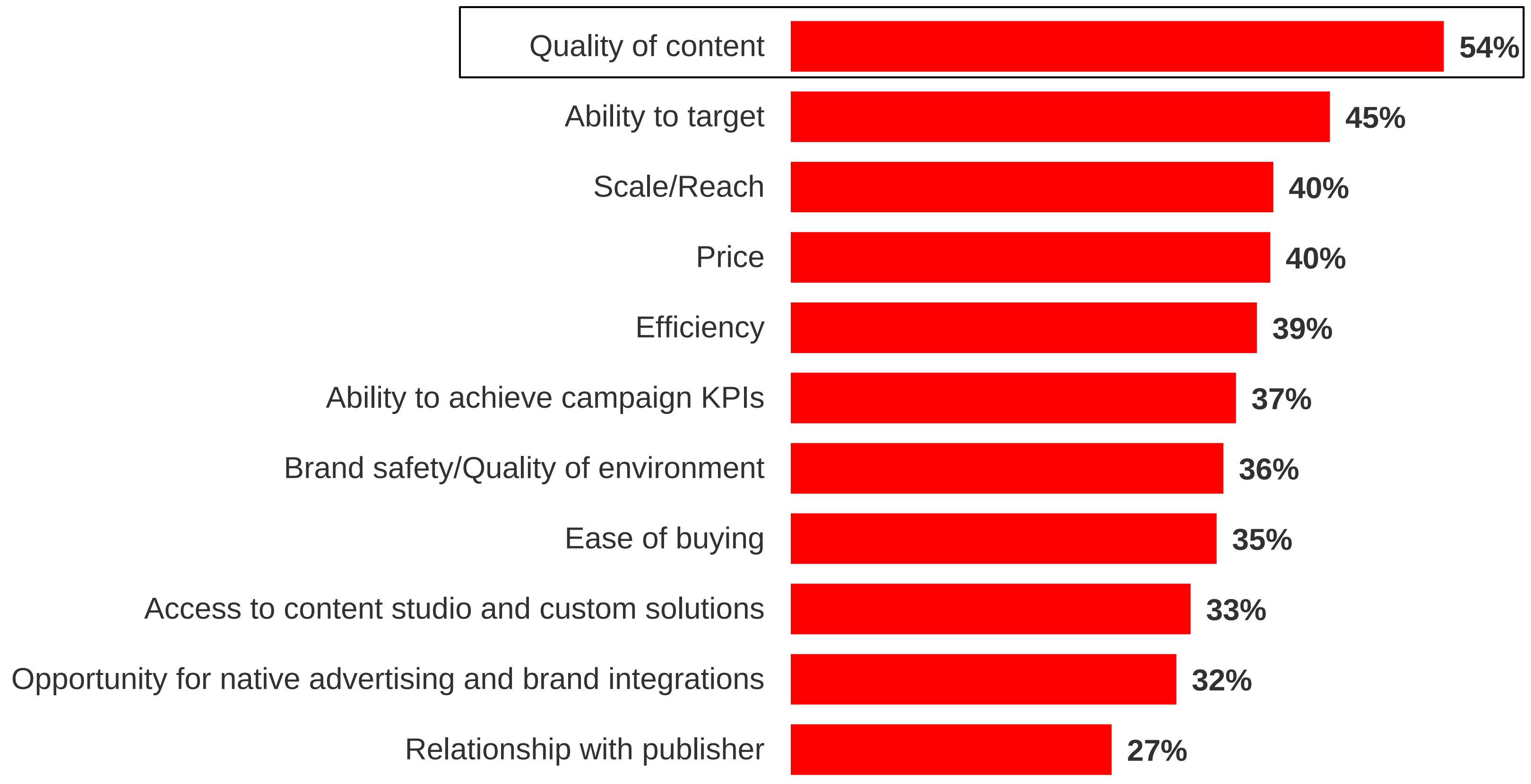
Average Percent of Digital Video Budget Allocated to Original Digital Video vs. Other Video—3 Year Trend



Q85: What portion of your total digital video (desktop and mobile) advertising budget for [your company's/your client's] biggest most important product or service in the [MARKET SECTOR] market sector was spent advertising on each type of content in 2017 and 2018? And what do you anticipate those shares will be in 2019?
Base: Total Respondents

Quality of content is the most important criteria when choosing between ODV media brands/publishers

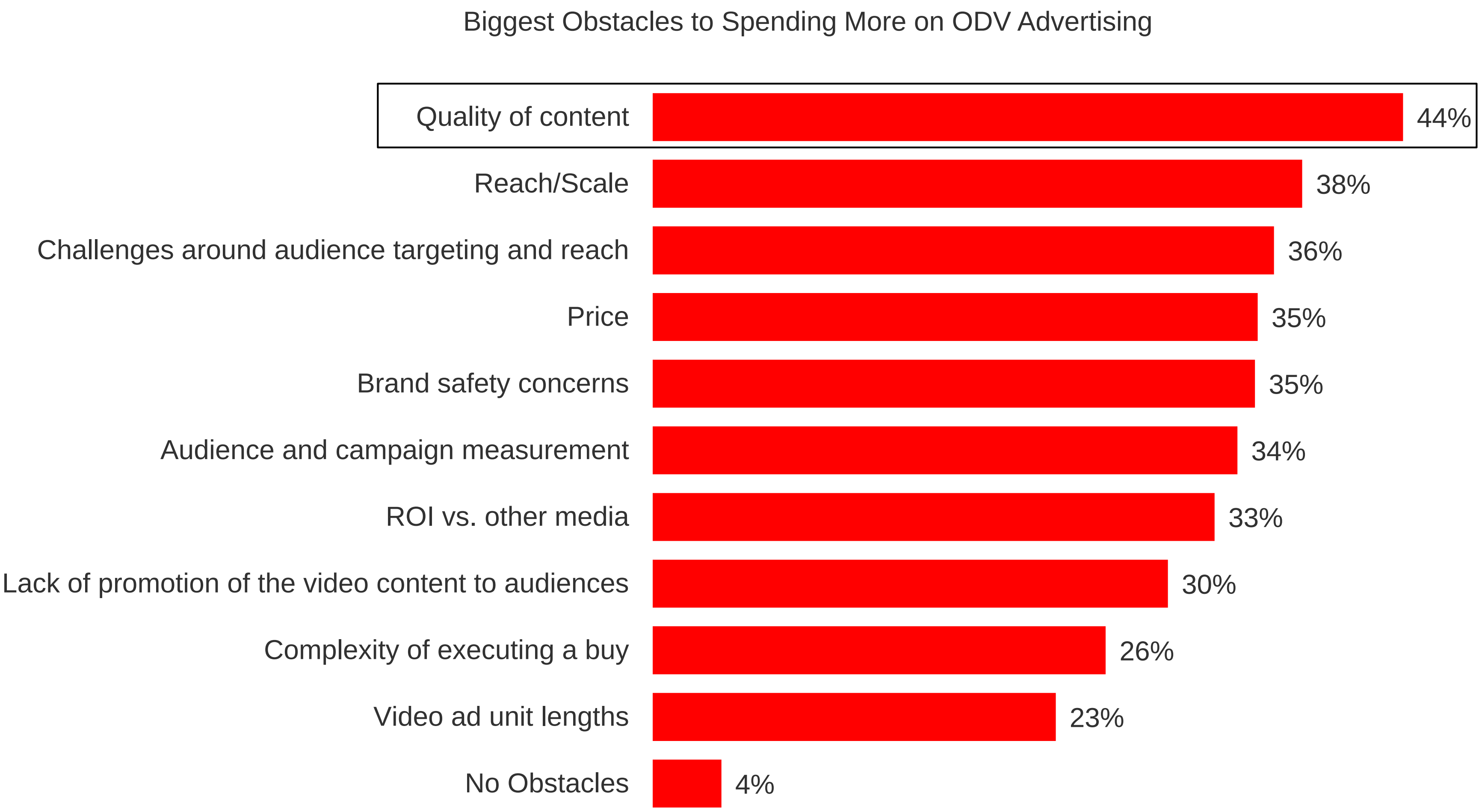
Most Important Selection Criteria When Deciding Between Brands; Respondents Who Allocated Spending at the 2018 NewFronts



Q130: 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: Respondents Who Allocated to Spending at the 2018 Digital Content NewFronts

Quality of content is also the top obstacle preventing increased spend on ODV advertising



Q145: 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

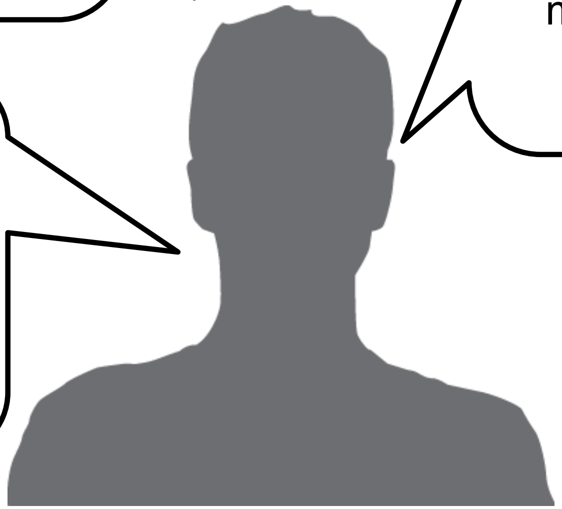
ODV's role in Advertiser's media plans

Agree Somewhat/Completely

89% agree:
My investment in original digital video programming will grow and make up a larger share of my advertising.

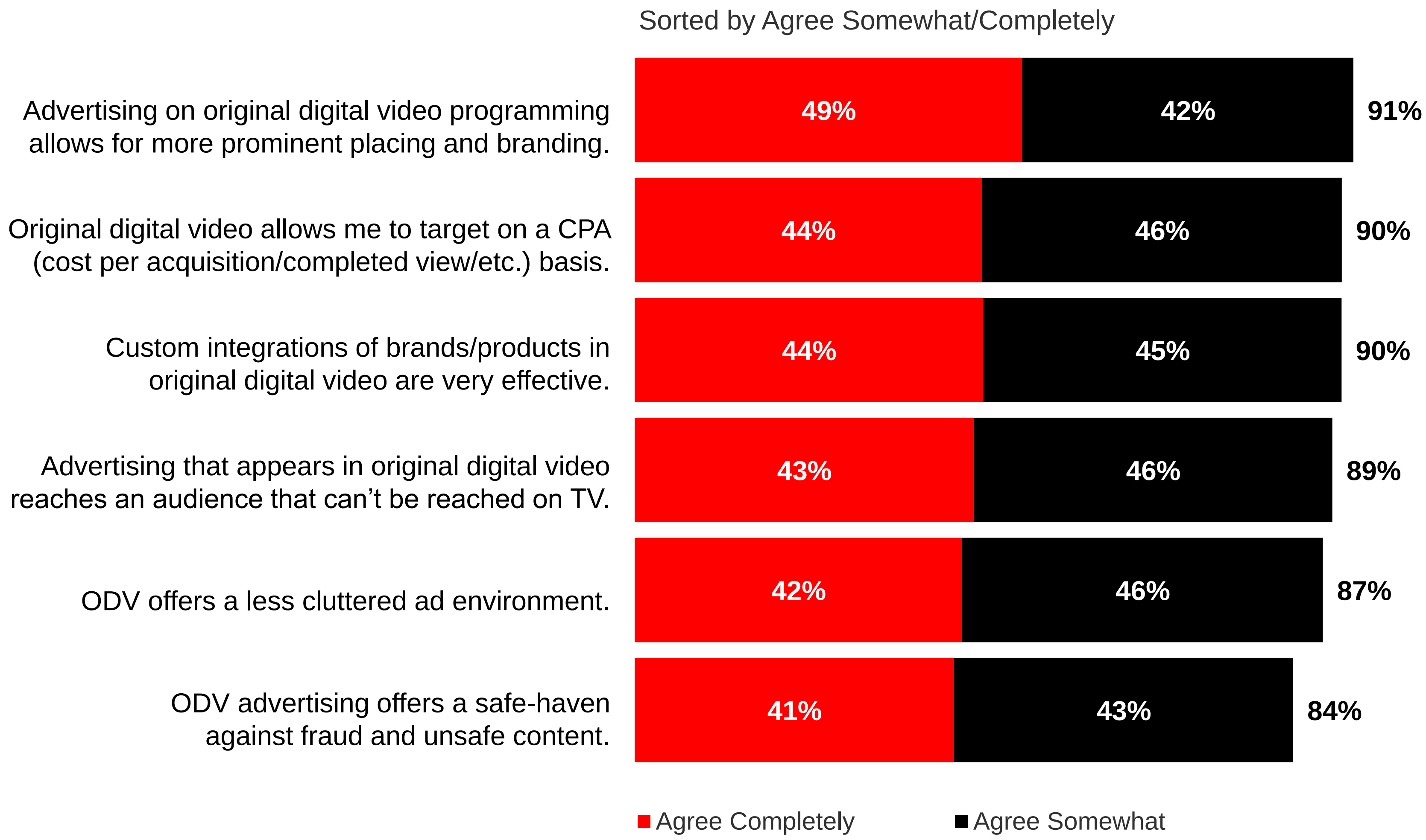
89% agree:
Advertising on original digital video programming is an essential part of my company's/my client's media buy.

87% agree:
Original digital video advertising is as important as TV advertising for my media plan.



Top 2 box: Q135: To what extent do you agree with each of these statements about original digital video advertising?
Base: Total Respondents

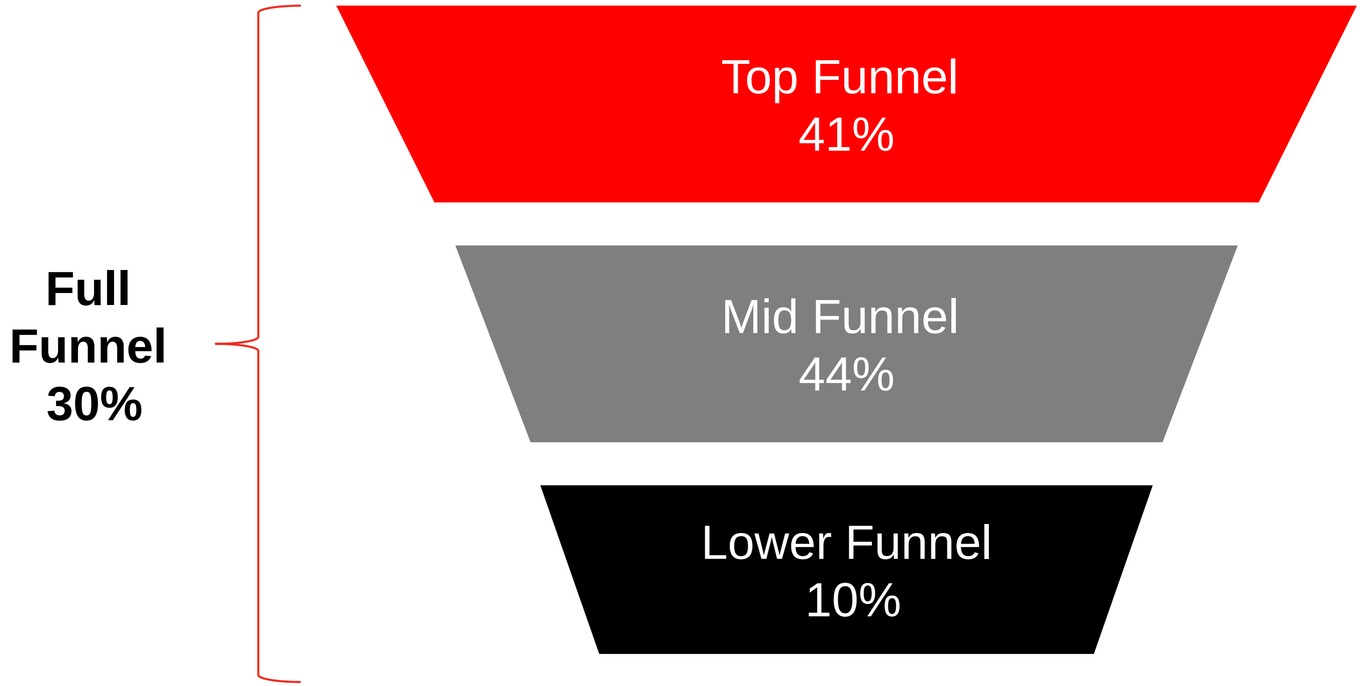
ODV praised for it's ability to: allow for more prominent placement; target on CPA; provide more effective custom brand integrations



Q135: To what extent do you agree with each of these statements about original digital video advertising?
Base: Total Respondents

Advertisers use ODV primarily to achieve top and mid-funnel objectives

Original Digital Video Across the Funnel



Q140: For which types of campaigns would you include original digital video advertising on the media plan?
Base: Total Respondents

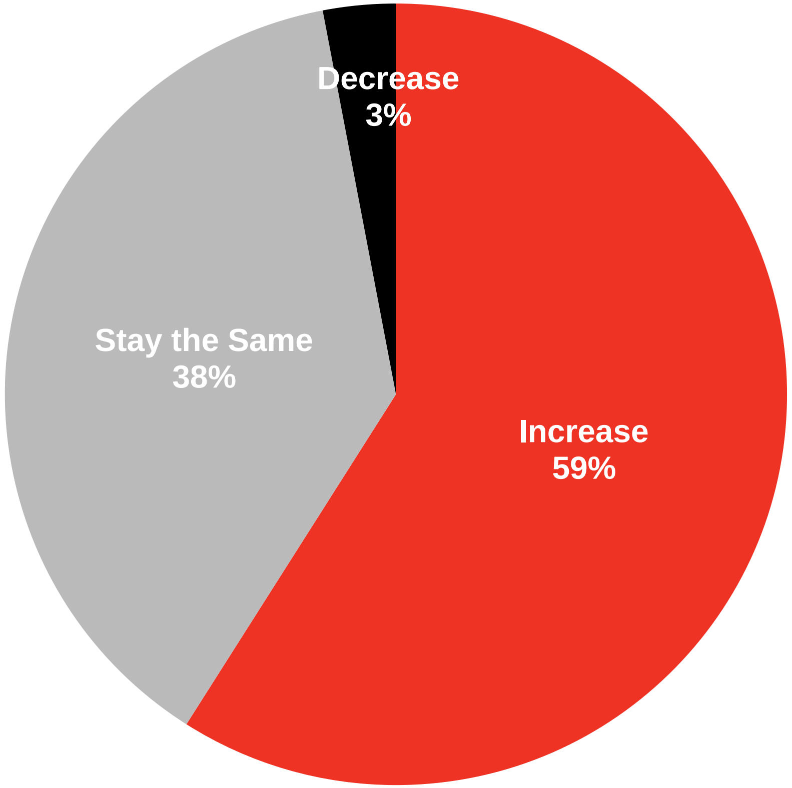
Advanced TV

Includes Over-the-Top Video (OTT): Addressable Video ATV

59% of ad buyers plan to increase their Advanced TV spend in the next 12 months

Advanced TV^^ Ad Spend Plans

in next 12 mos.



^^Advanced TV:
Any TV content that is delivered outside of traditional linear television model; encompasses both data-enabled and addressable TV advertising (i.e, Addressable Linear TV, Connected TV, Over-the-Top TV (OTT))

Q10: 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: Involved in Media Type

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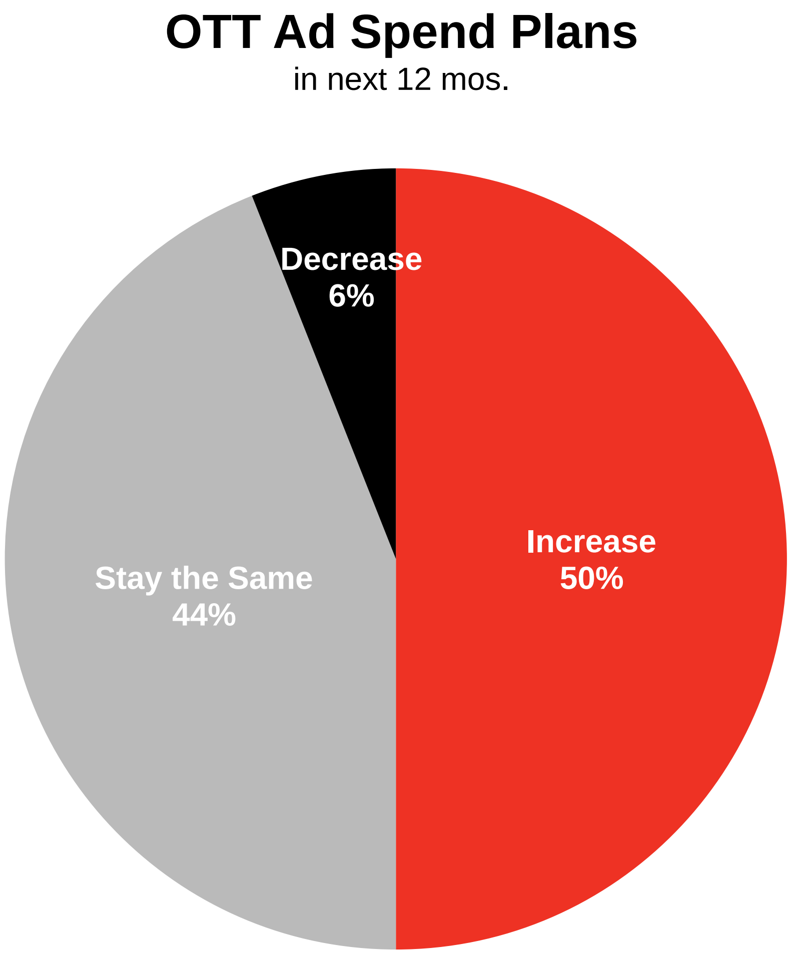
Half of all ad buyers plan to increase their OTT ad spend in the next 12 months

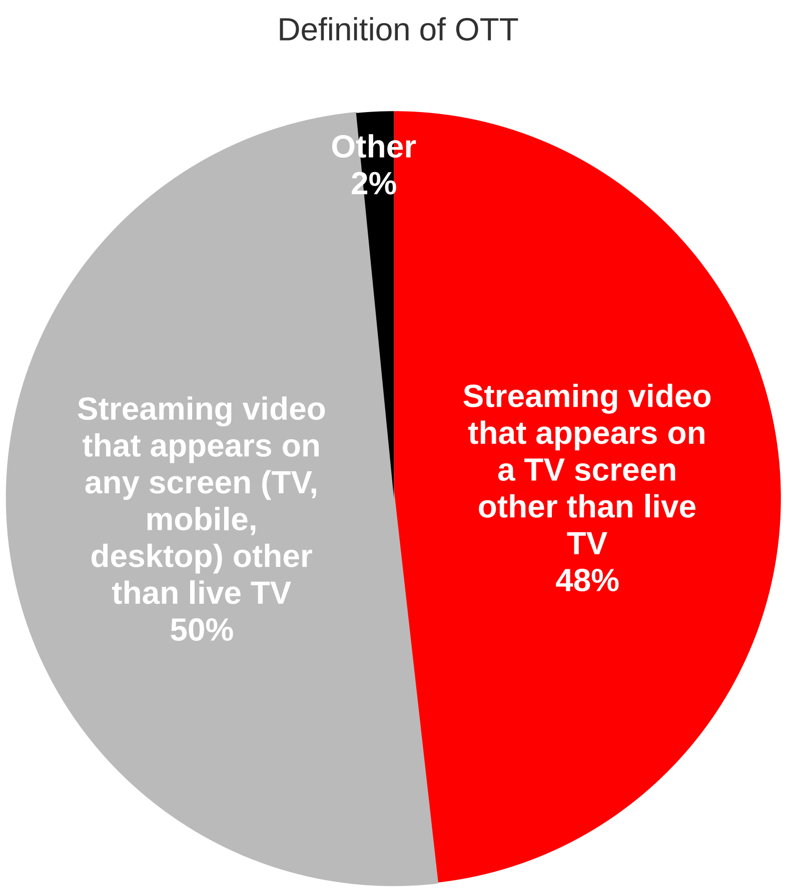


OTT: For the purposes of this survey, OTT refers to television content delivered through the Internet and viewed on the TV screen either via Smart TV or external device, such as Roku, AppleTV or gaming console

Q10: 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? (For the purposes of this survey, we're defining OTT as television content delivered through the Internet and viewed on the TV screen either via Smart TV or external device, such as Roku, AppleTV or gaming console).

Base: Involved in Media Type

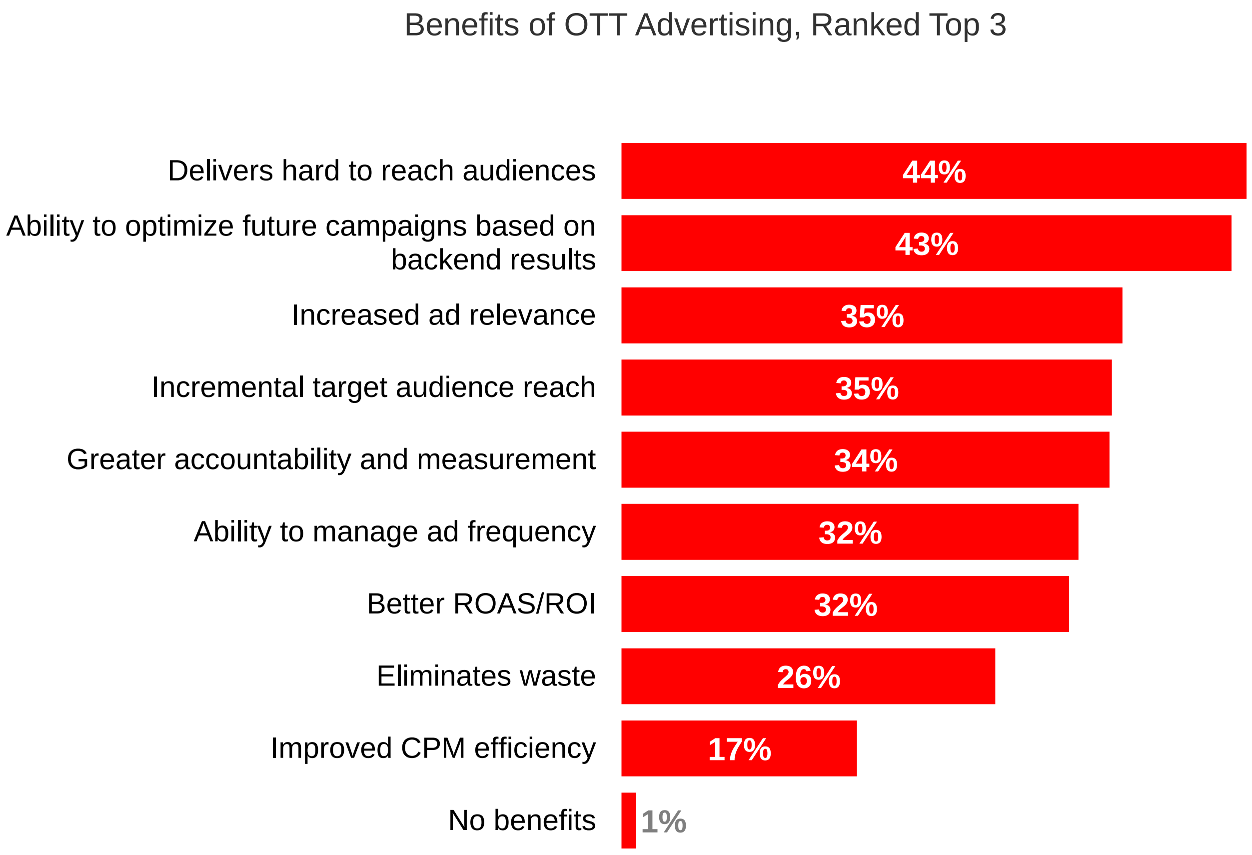
Advertisers are split as to how to define OTT: 50% say “video specifically on a TV screen” vs 48% “video appearing on any screen”



OTT: For the purposes of this survey, OTT refers to television content delivered through the Internet and viewed on the TV screen either via Smart TV or external device, such as Roku, AppleTV or gaming console

Q175: Which of the following best describes how your company defines OTT (over-the-top) video for ad buying purposes?
Base: Total Respondents

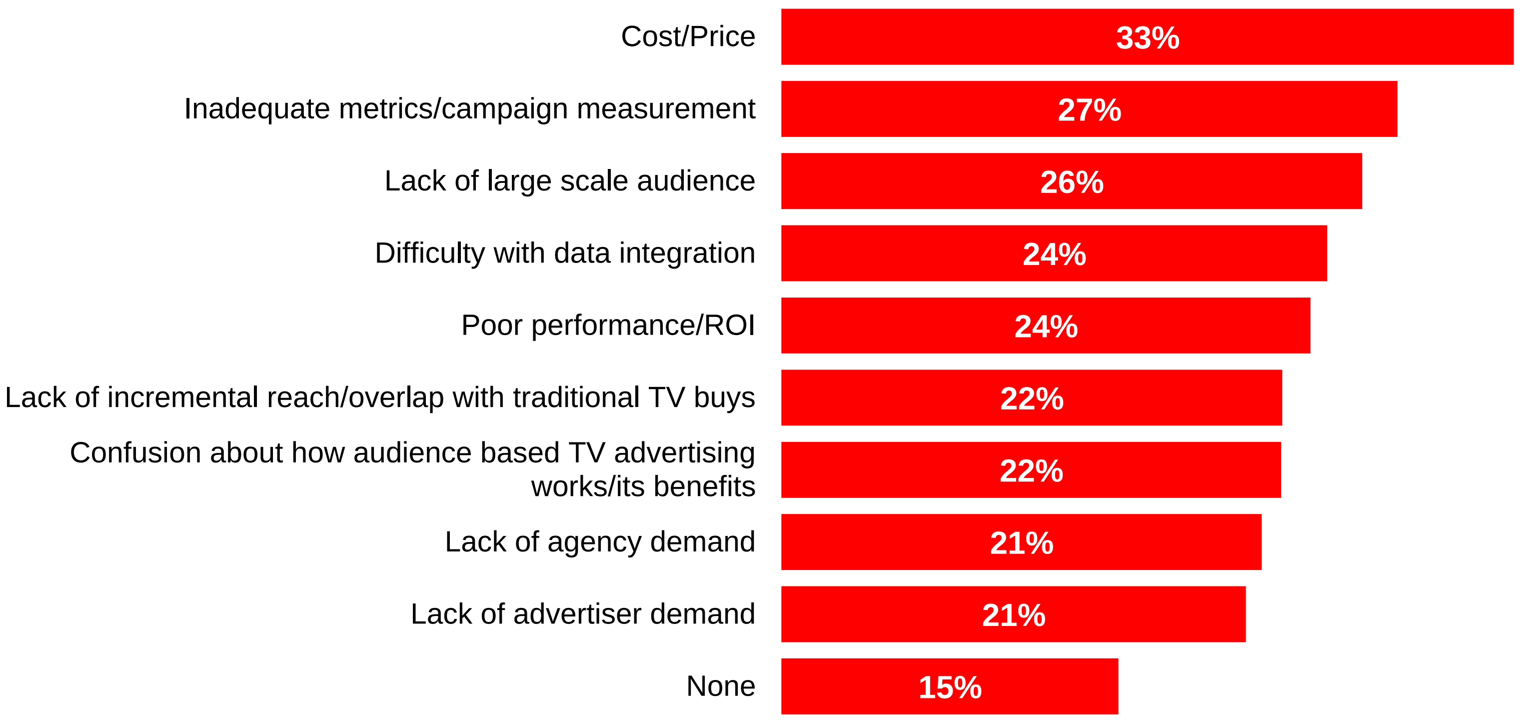
Audience reach and campaign optimization are top benefits of OTT advertising



Q180: Please rank the top 3 benefits of OTT advertising.
Base: Total Respondents

Factors inhibiting advertiser investment in OTT are varied; cost is the primary obstacle

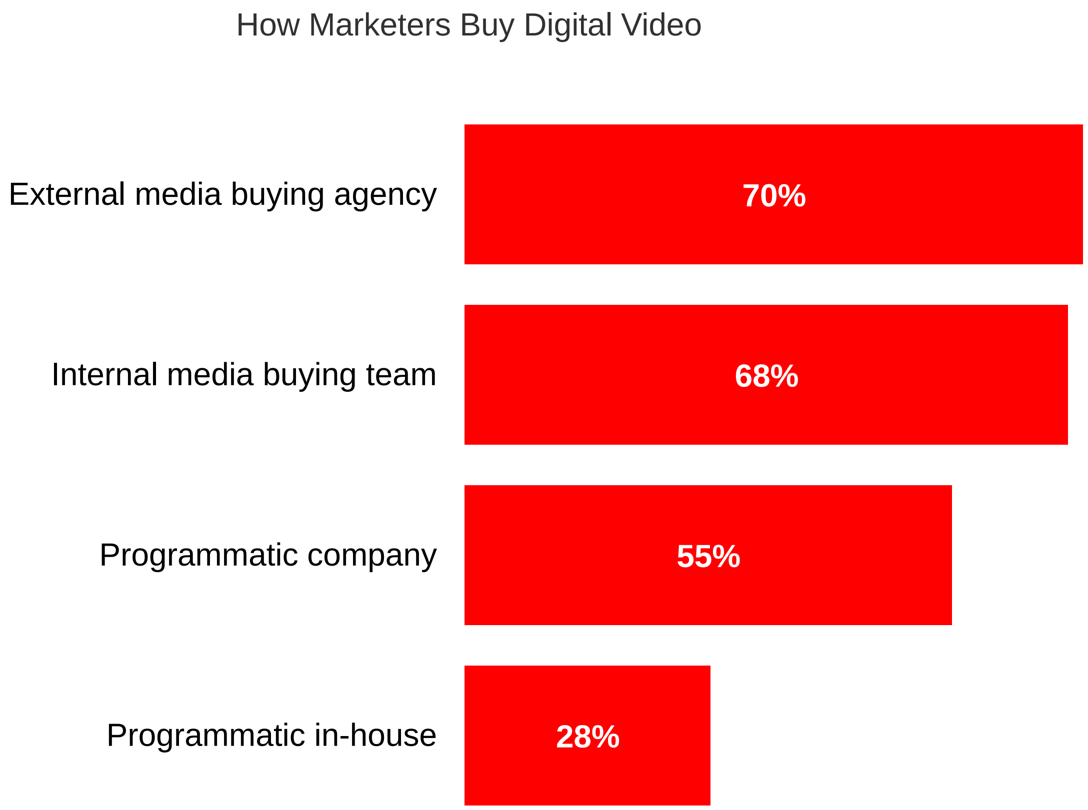
Factors Inhibiting OTT Advertising Investment



Q185: What are the top 3 factors inhibiting greater investment into OTT advertising?
Base: Total Respondents

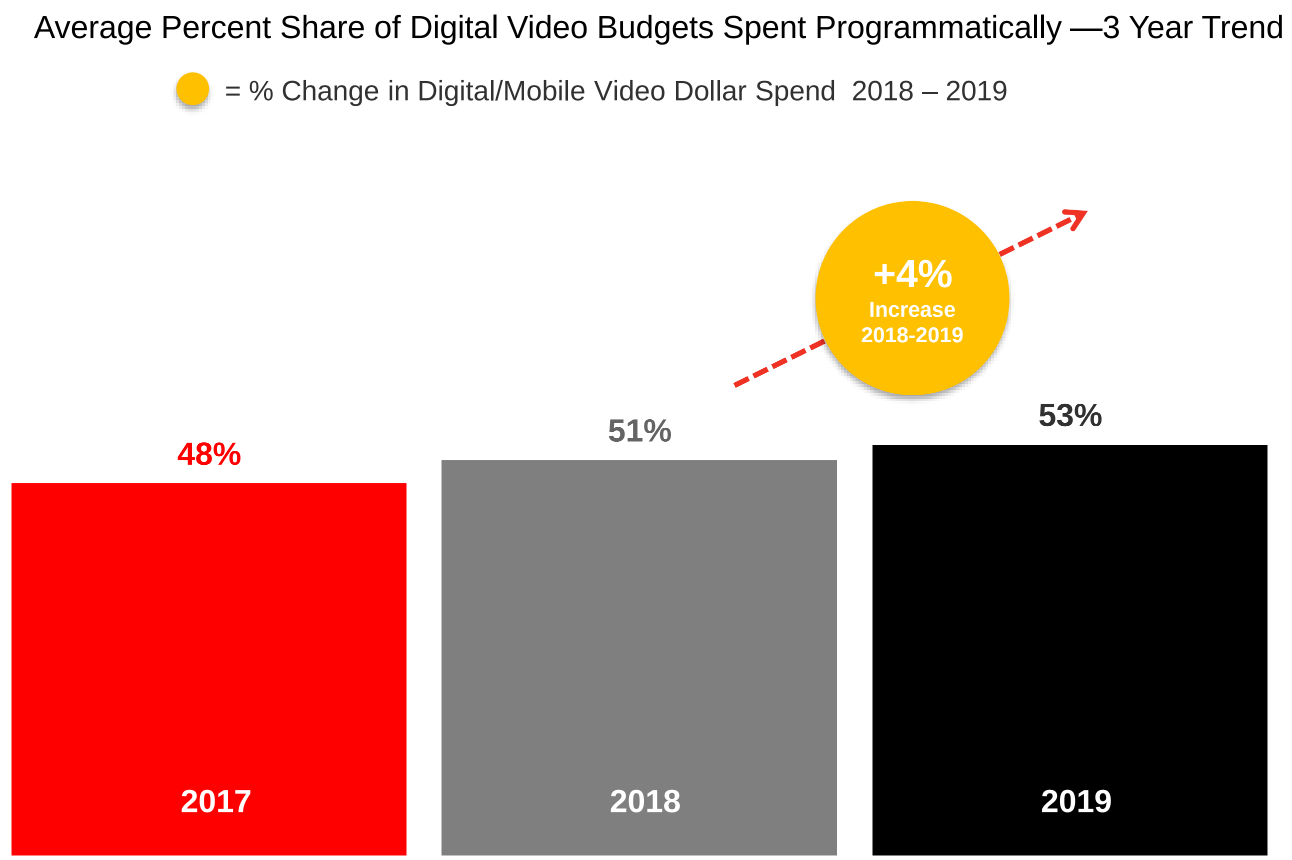
Programmatic Video

Marketers use a mix of methods to buy their video advertising, relying on both external agencies and their internal teams



Q65: Which of the following do you use to buy video advertising?
Base: Marketers

Advertisers plan to allocate half of their digital video spend on programmatic buys in 2019



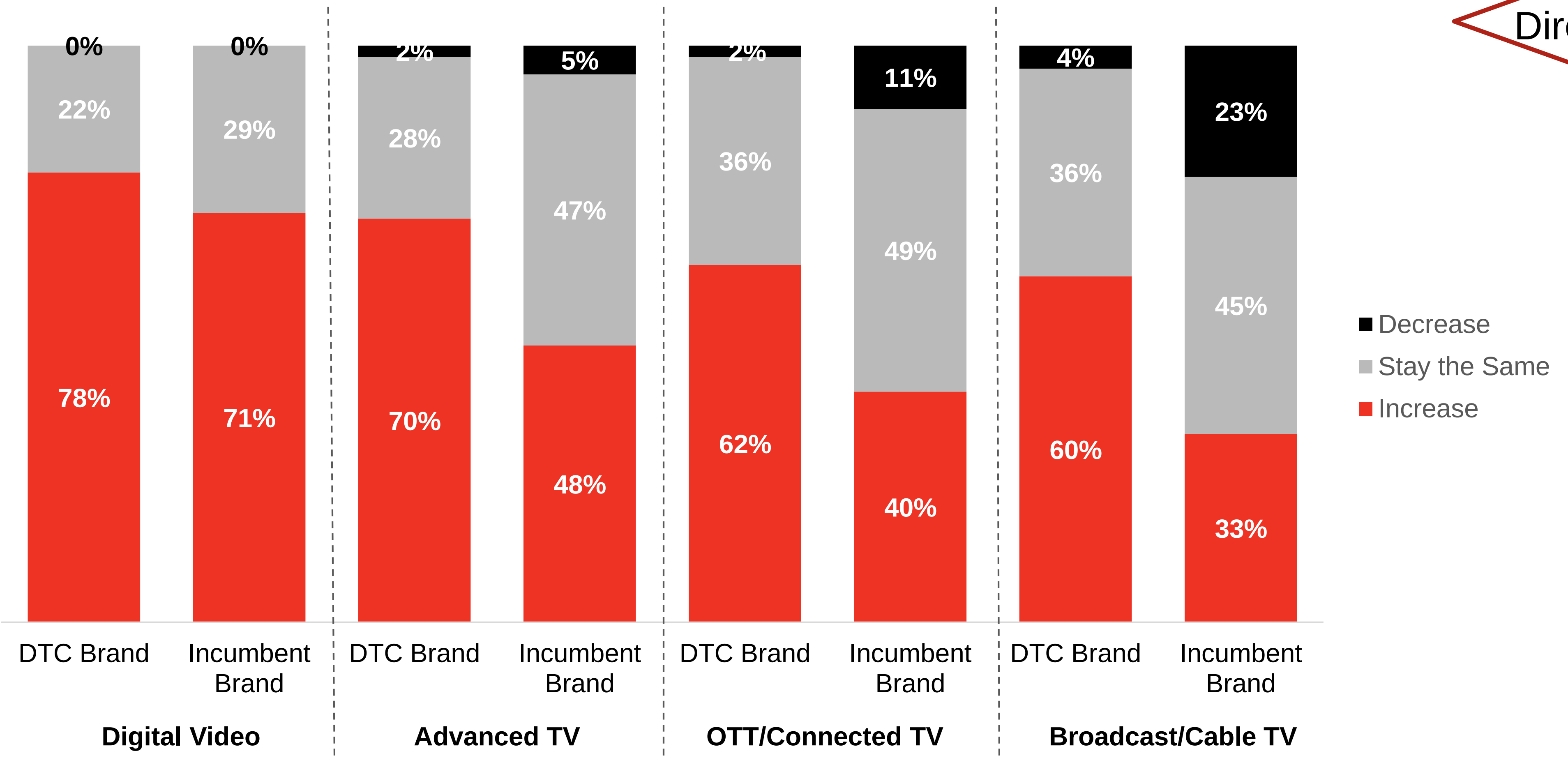
Q70a/b/c: What share of your company's digital video (desktop and mobile) ad spending, if any, was bought via programmatic companies (i.e. DSPs, SSPs, RTB) in 2017 and 2018? What share do you anticipate allocating to programmatic in 2019?
Base: Total Respondents

DTC Brands

^For more information on the DTC Brand Economy, please go to https://www.iab.com/direct-brand-economy/

78% of Direct-to-Consumer (DTC) marketers plan to spend more on digital video in the next 12 months (vs. incumbents); DTCs also more likely to increase spend across types

Directional

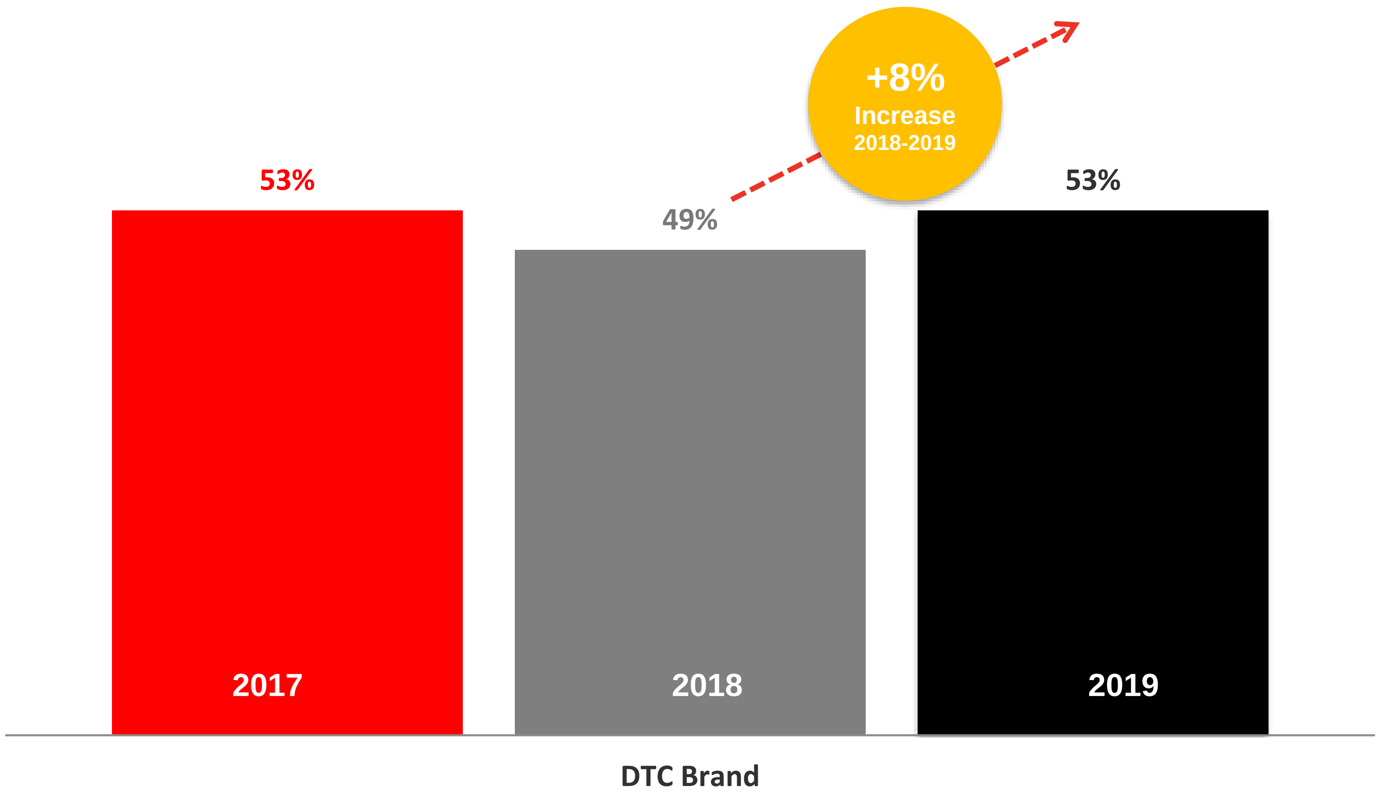


Q10: In the next 12 months, would you expect the amount of [your company's/your clients'] spend on the following types of advertising to increase, stay the same or decrease?
Base: Involved in Media Type (Sample of DTC with min $1M in Ad Spend)

DTC brands expect a 50%y/y spend increase on digital video advertising—and plan to allocate more than 50% of that spend at the NewFronts

Directional

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



Q45a/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 2017)? Last year (Spring 2018), and this year (Spring 2019)?
Base: Total Respondents (Sample of DTC with min $1M in Ad Spend)

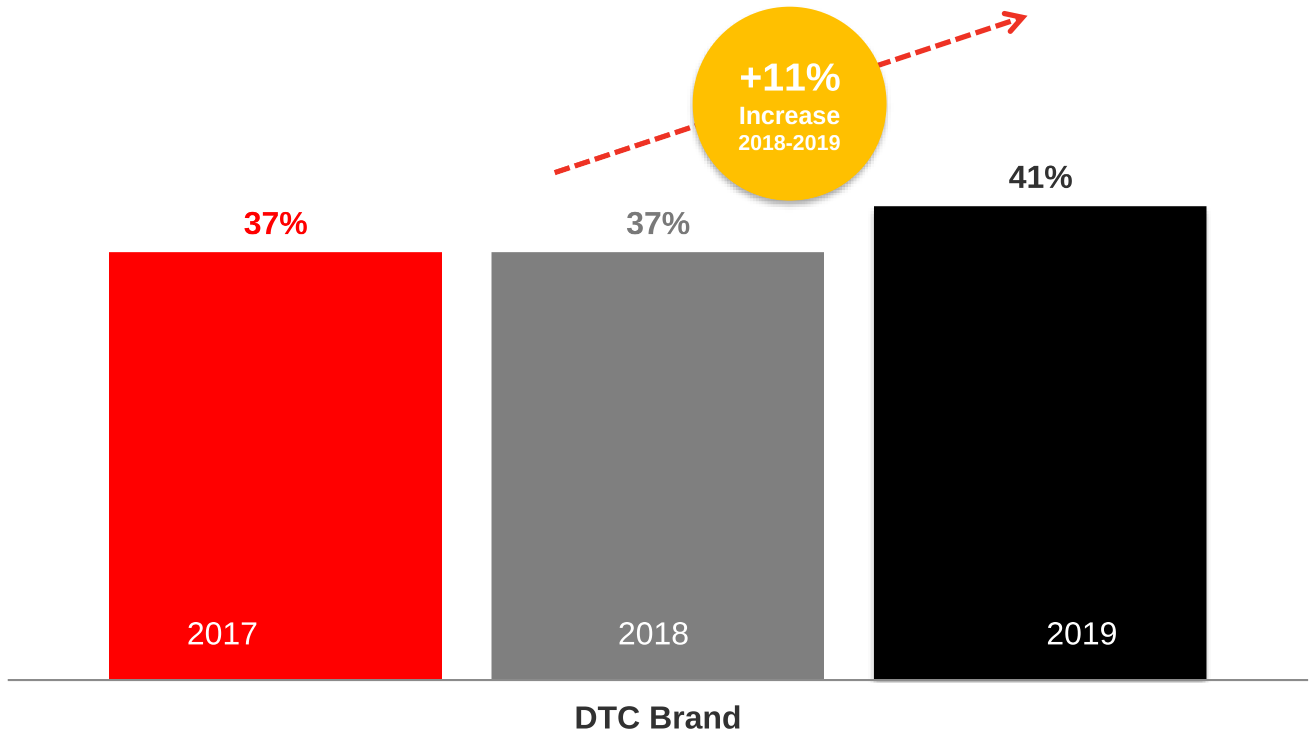
DTC brands expect to increase spend on ODV by 59% y/y, and plan to allocate 41% of their original digital video advertising at the NewFronts

Directional

87% agree:
Original digital video is very effective for advertising direct to the consumer.

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

= % Change in Digital/Mobile Video Dollar Spend 2018 – 2019



Q95a/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 2017)? A year ago (Spring 2018)? What share do you anticipate allocating to each this year (Spring 2019)?
Base: Total Respondents (Sample of DTC with min $1M in Ad Spend)

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Why are DTC marketers allocating more of their budgets at the 2018 Digital Content NewFronts? *In Their Own Words…*

"My company is shifting the way it allocates advertising budget, and the Digital Content NewFronts has proven to be helpful in determining what strategy to adopt moving forward.This year, we have saved budget to allocate based on best practices shared at that time."

- Marketer, C-Level, CPG, DTC

"We are becoming better acquainted and educated about the process and players."

- Marketer, C-Level, Fashion/Apparel, DTC

"Our business depends on this type of advertising, it has a high ROI."

- Marketer, Director, CPG, DTC

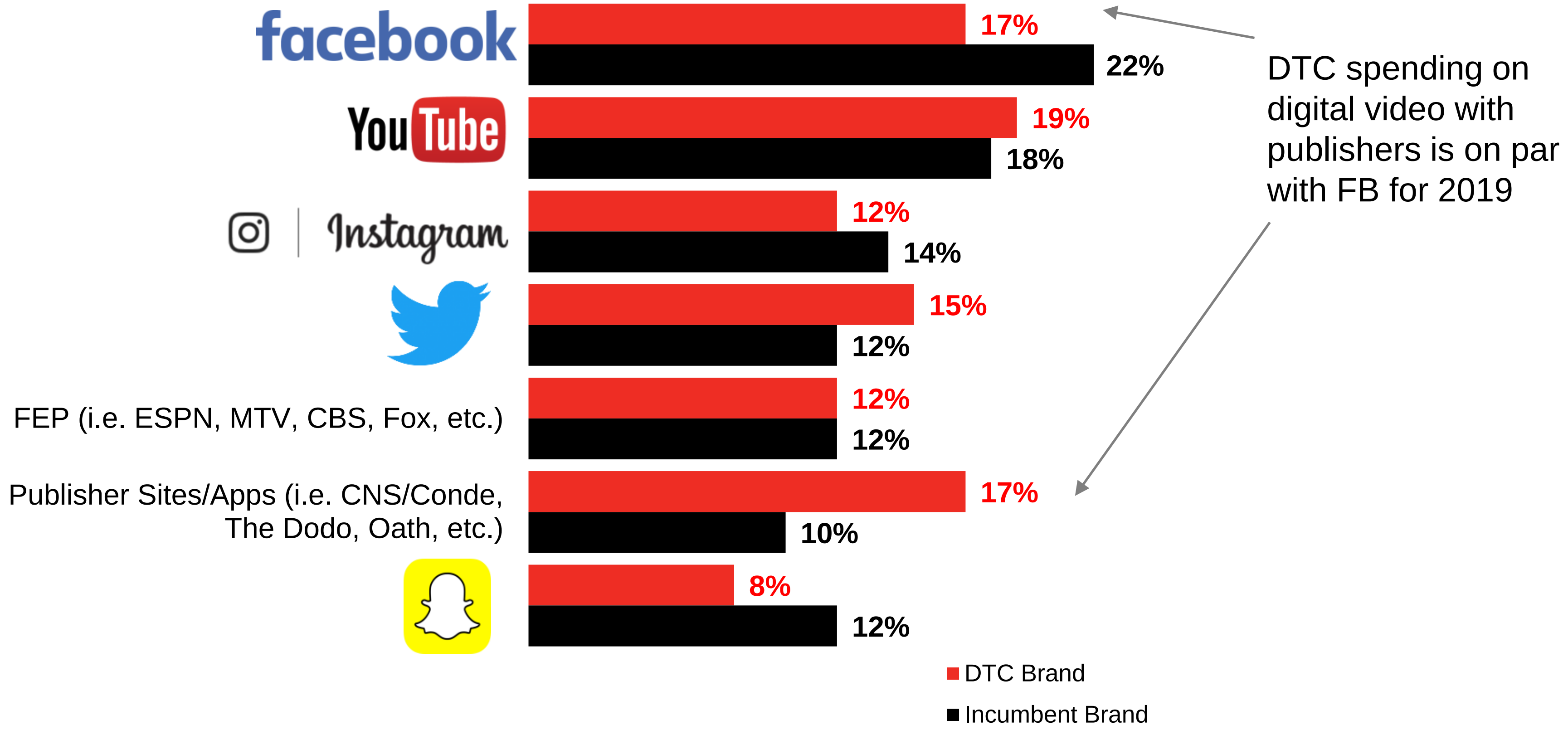
Q50 You anticipate allocating more on digital video (desktop and mobile video) advertising during the 2019 Digital Content NewFronts than you allocated as a result of the 2018 Digital Content NewFronts. Would you explain why?
Base: Plan on Allocating More as a Result of NewFronts; (Sample of DTC with min $1M in Ad Spend)

DTC Brands are more likely to spend with publishers; they are ahead of incumbents in their commitment to allocate digital video beyond the leading social site

Average Percent Digital Video Allocation to Each Brand

(Sorted by Total)

Directional

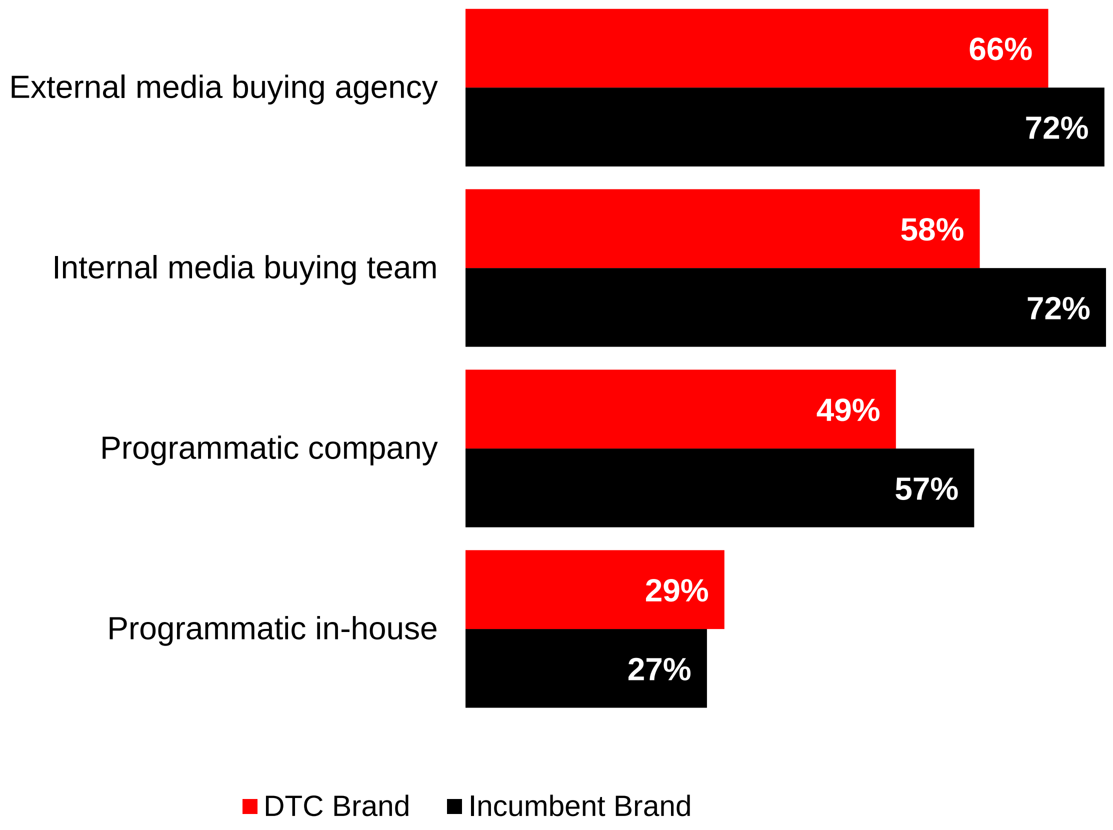


Q40: What % of your digital video (desktop and mobile video) for your [company's/client's] biggest or most important product or service in the [ASSIGNED MARKET SECTOR] is spent with: ?

Base: Total Respondents; Sample of DTC with min $1M in Ad Spend

How Marketers Buy Digital Video: DTC vs. Incumbent Brands

Directional



Q65: Which of the following do you use to buy video advertising?
Base: Marketers (Sample of DTC with min $1M in Ad Spend)

Video Advertising Trends

NewFronts particularly impacts the ODV spend of Automotive, Furniture/Appliances and Fashion/Apparel advertisers

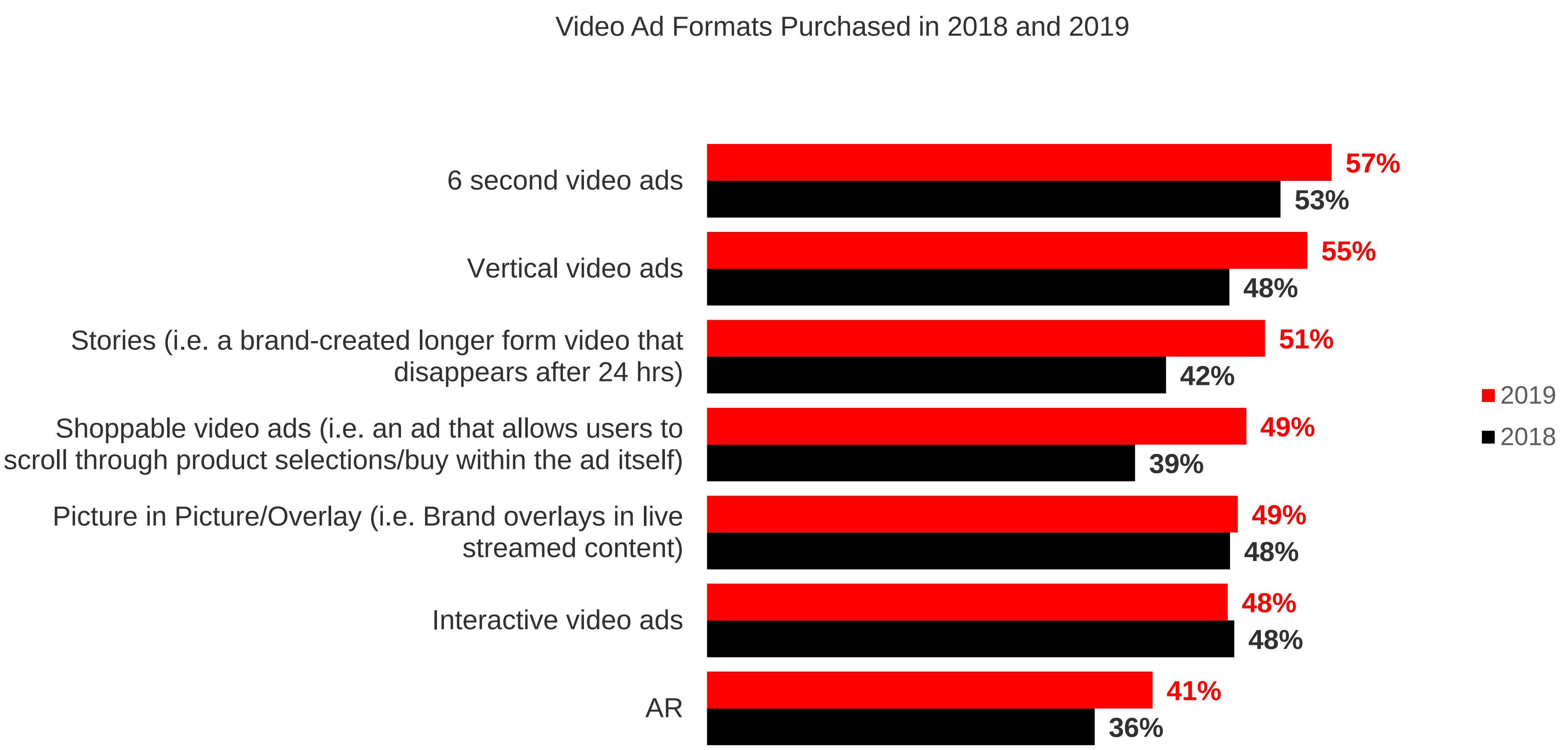
2019 Average Anticipated Commitment to Original Digital Video as a Result of the NewFronts by Market Sector

	Est. Ad Spend	Change since 2018
TOTAL	41%	12%
AUTO	49%	25%
FASHION/ APPAREL	45%	14%
FINANCIAL	29%	11%
HOUSEHOLD GOODS	37%	13%

	Est. Ad Spend	Change since 2018
FURNITURE/ APPLIANCES	46%	13%
MEDIA & ENTERTAINMENT	43%	16%
RETAIL	40%	-7%
TELECOM	42%	9%

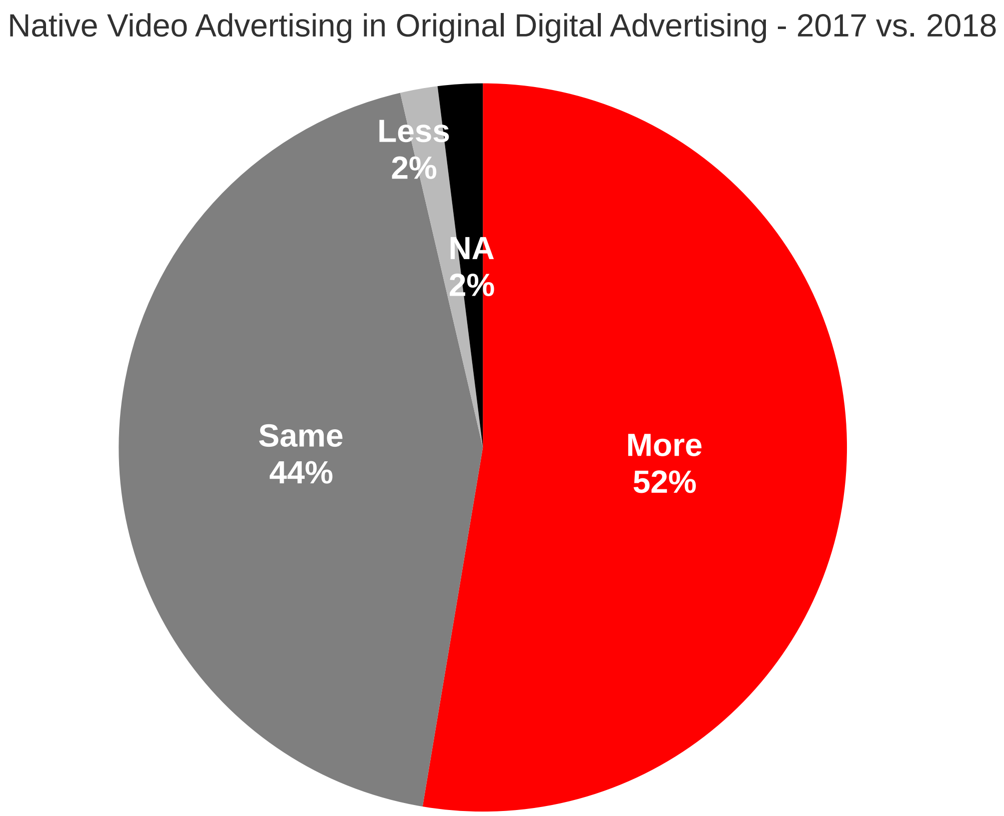
Q95a/b//c: What share of the dollars for advertising spending on professionally produced original digital video programming/content was committed as a result of the Digital Content NewFronts two years ago (Spring 2017)? A year ago (Spring 2018)? What share do you anticipate allocating to each this year (Spring 2019)?
Base: Total Respondents

Advertisers have embraced new video ad formats in the past year and plan to significantly increase their use of stories and shoppable ads in 2019



Q160: Which of the following video ad formats have you used in campaigns in 2018 and which do you plan to use in 2019?
Base: Total Respondents

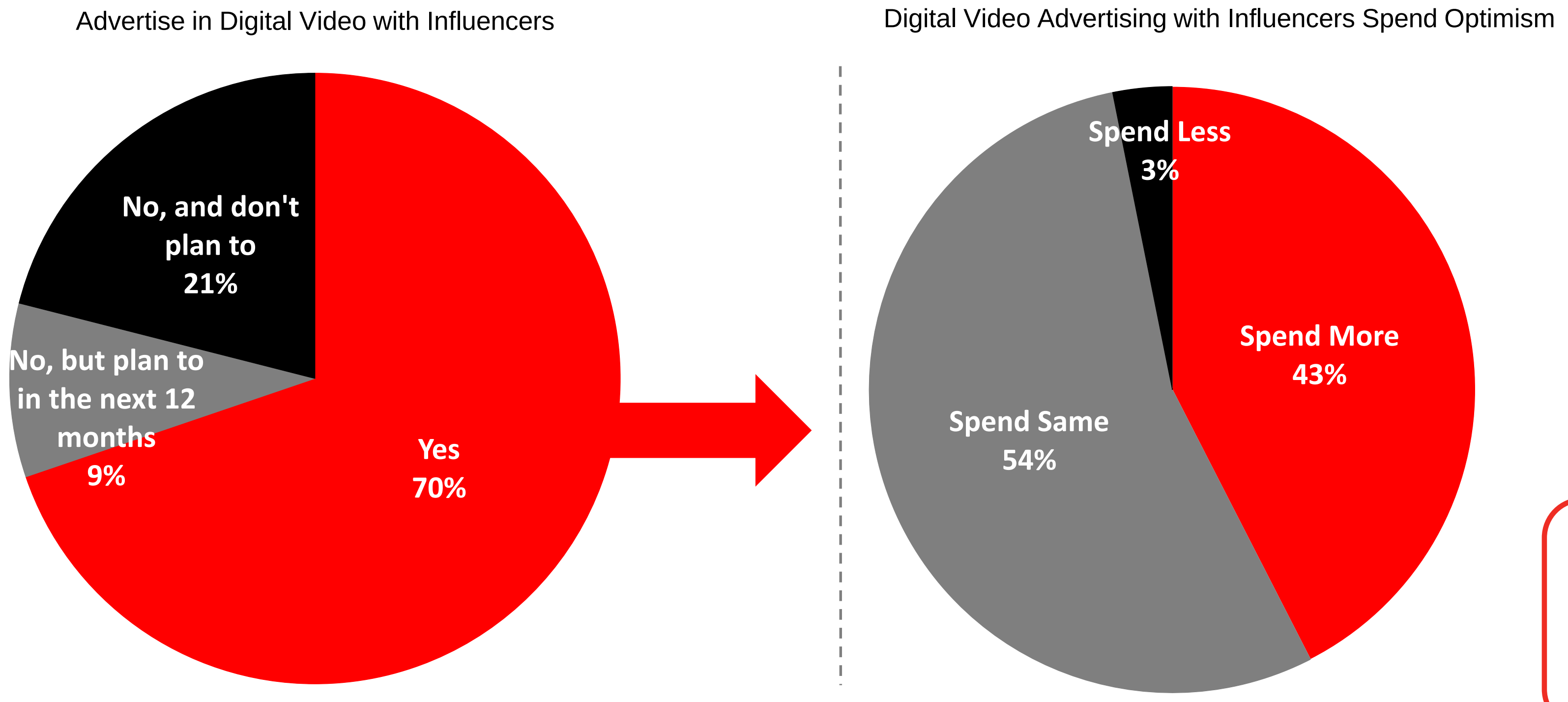
Half of advertisers increased their advertising on native video in the past year



Q120: Did you spend more/same/less on native video advertising (e.g., brand integrations/product placement within a video, paid video ad with FTC disclosure), etc.) in original digital advertising in 2018 compared to 2017?
Base: Allocated Advertising on ODV (the type showcased at NewFronts) in 2018

7 in 10 Advertisers currently use influencers in their digital video advertising and 4 in 10 plan to increase their spending with influencers in 2019

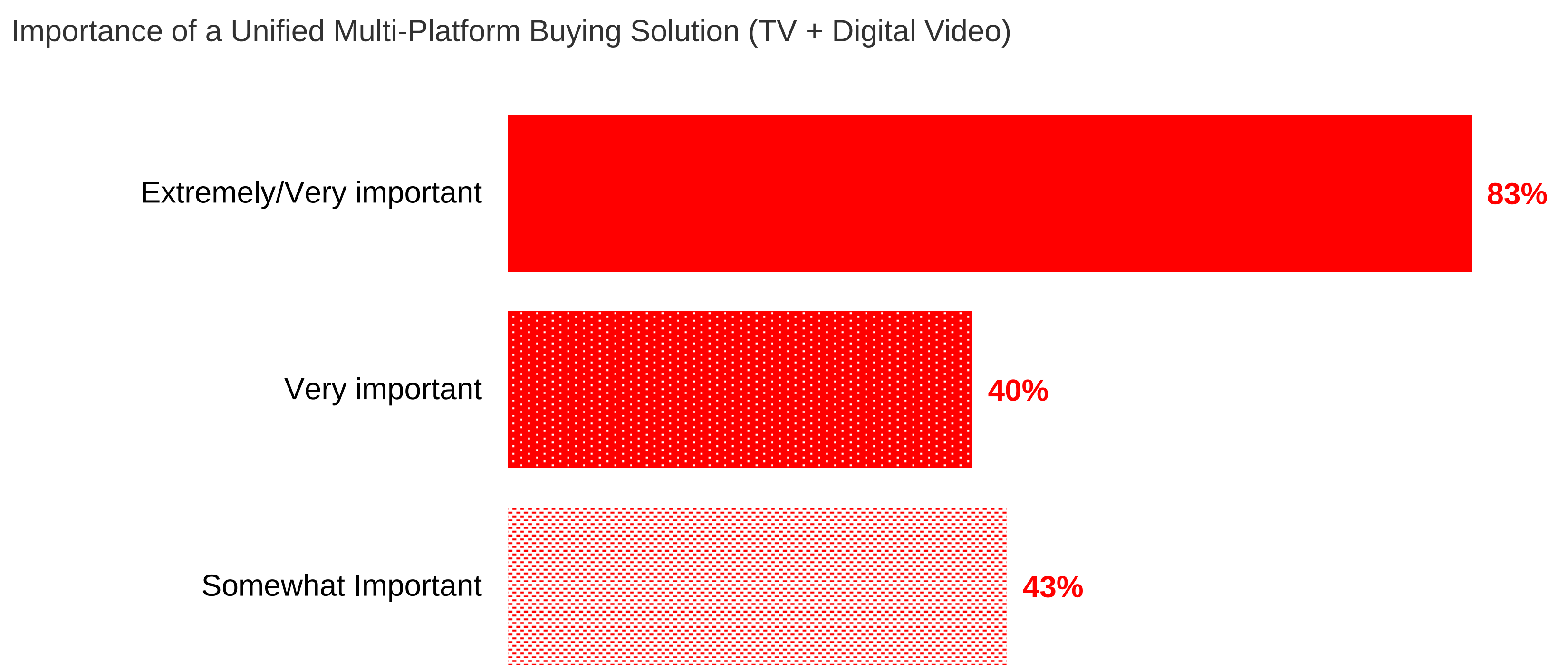
Digital Video With Influencers



51% of DTC brands plan to spend more with Influencers

Q150: Do you advertise in digital video (desktop and mobile video) with influencers (celebrity and/or paid social media product/brand endorsers)?
Base: Total Respondents
Q155: Do you plan to spend more, same or less on digital video (desktop and mobile video) advertising with influencers in 2019?
Base: Respondents who Advertise in Digital Video (Desktop and Mobile video) with Influencers

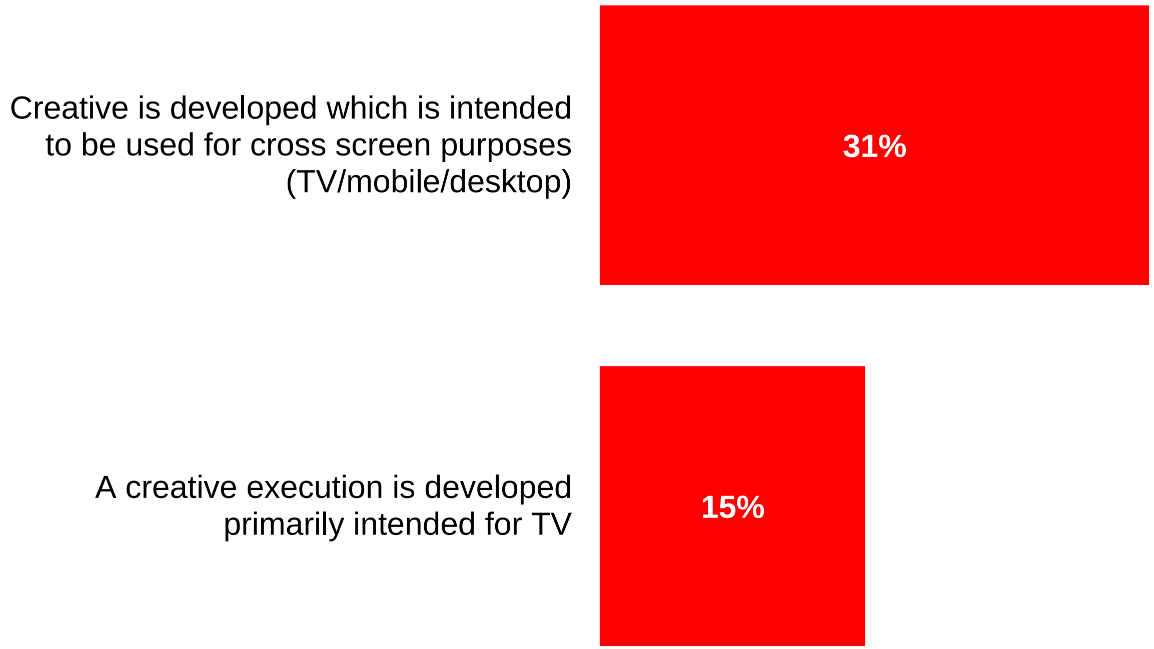
More than 8 in 10 Advertisers agree a unified multi-platform buying solution (TV + digital video) is important



Q170: Hardware devices, such as TV's DVD/Blu-ray players, set-top boxes, and video game consoles are becoming increasingly "internet ready" (include the ability to watch digital "internet" video directly on your TV).
With the above statement in mind, how important is it that the publishers/ad networks/DSPs that you work with offer a multi-platform solution that includes both Incumbent TV and digital video (desktop and mobile video) under one media buy?
Base: Total Respondents

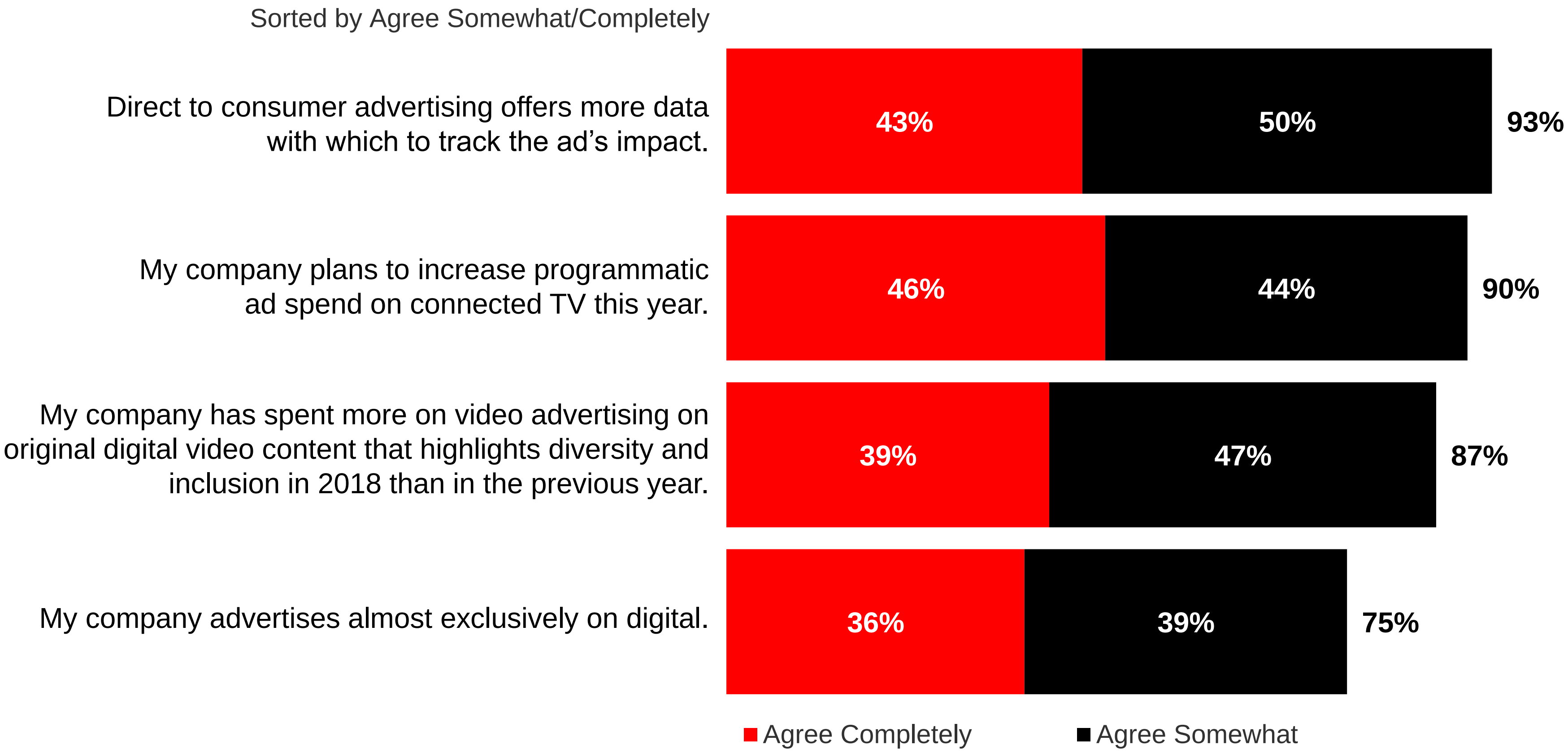
“One size fits all” is over. Roughly one third of buyers say video creative is developed for cross screen purposes

How Creative for a Digital/Mobile Video Campaign Is Typically Developed



Q55: Which best describes how the creative for a digital video (desktop and mobile) campaign is typically developed?
Base: Total Respondents

Advertisers are embracing industry trends, e.g., recognizing the benefits of DTC advertising and the potential opportunity of investing more in programmatic CTV



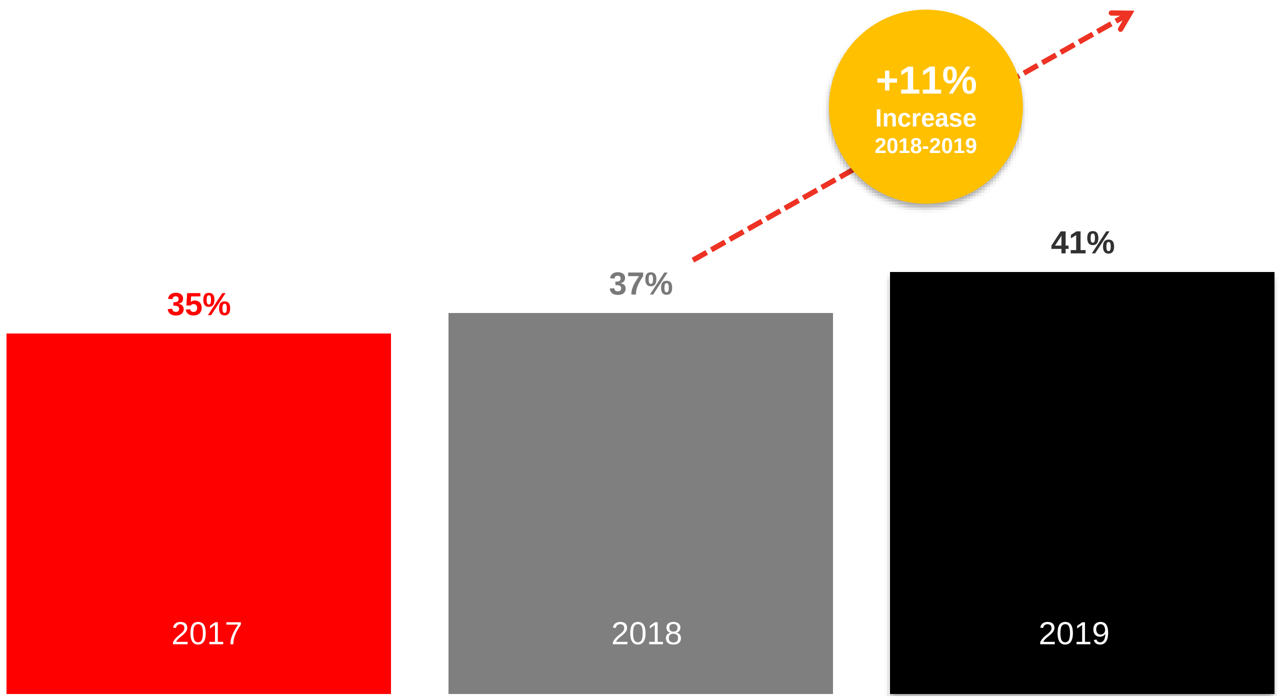
Q165: How much do you agree with the following statements?
Base: Total Respondents

Impact of the NewFronts on Digital Video Spending

41% of Advertisers’ original digital video budgets 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 2018 – 2019



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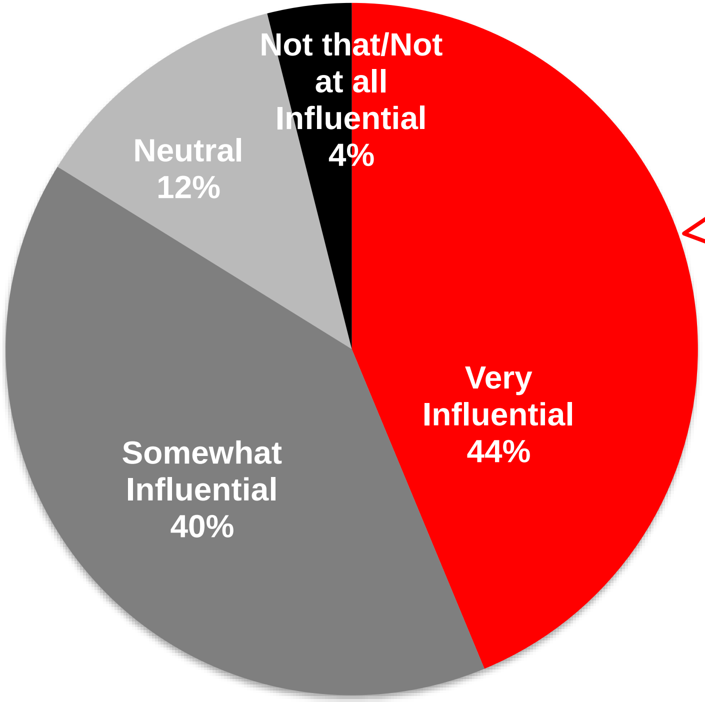
Average # of Media Brands Advertised with as a Results of the 2018 NewFronts

Q95a/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 2017)? A year ago (Spring 2018)? What share do you anticipate allocating to each this year (Spring 2019)?
Base: Total Respondents
Q100: How many publishers that offer Original Digital Programming did you advertise with as a result of attending the 2018 Digital Content NewFronts? Base: Attended 2018 NewFronts

84% of Advertisers say attending the NewFronts influences their advertising spend

NewFronts Influence on Ad Spend



NewFronts Influence on Advertising on Original Digital Programming Content

"More understanding and familiarity led to increased usage.."
(Agency, VP+, Home Furnishings)

"Identified new publishers and networked with other agencies doing similar advertising."
(Marketer, C-Level, CPG, Direct to Consumer)

"Provided more guidance on what brand safe inventory to run on."
(Agency, Director, CPG)

"Waning ratings and rising prices in the TV sphere are causing many advertisers to look online for a more fruitful and cost effective market; Digital Content NewFronts provides such a platform."
(Agency, VP+, Retail)

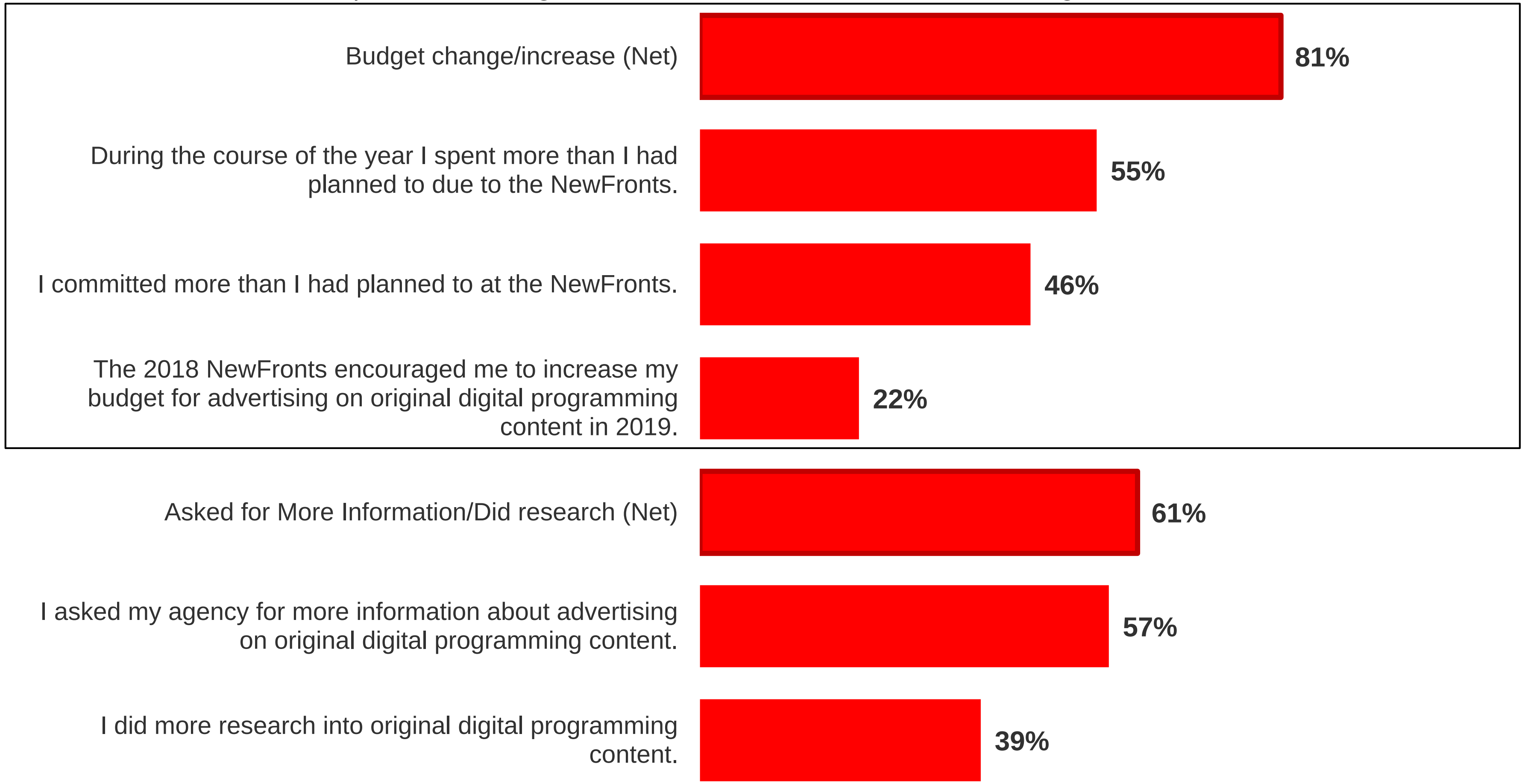
Also of note: 52% of **DTC** brands say the **NewFronts is *very* influential**

Q105: How did the 2018 Digital Content NewFronts affect your advertising on original digital programming content?
Base: Respondents who Attended 2018 NewFronts
Q110: In your opinion, how much influence does attending the NewFronts have in how/where you spend advertising dollars?
Base: Respondents who Attended Any Digital Content NewFronts

8 in 10 Advertisers increased their ODV budget as a result of attending the 2018 NewFronts

55% spent more than planned over the year. 46% spent more than planned at the NewFronts

Impact of 2018 Digital Content NewFronts on ODV Advertising



Q115: In which of these ways did the 2018 Digital Content NewFronts affect your advertising on original digital programming content?
Base: Respondents who Participated in 2018 Digital Content NewFronts

Reasons for planning to allocate more on digital video during the 2019 Digital Content NewFronts

We are becoming better acquainted and educated about the process and players.

- Marketer, C-Level, Fashion/Apparel, DTC

My company is shifting the way it allocates advertising budget, and the Digital Content NewFronts has proven to be helpful in determining what strategy to adopt moving forward. This year, we have saved budget to allocate based on best practices shared at that time.

- Marketer, C-Level, CPG, DTC

Because it is a great way to reach a larger target audience.

- Marketer, Director, Media & Entertainment

Generate more leads. Boost revenue. Increase engagement. Appear on top sites. Reach target audiences.

- Agency, Director, Home Furnishings

More premium content being presented in the NewFronts.

- Agency, Director, CPG

More and more consumers are turning to mobile video for news, information and entertainment, and we need to be where they are. Fewer and fewer are getting their information from TV, radio or print.

- Marketer, Director, Media & Entertainment

See accompanying file of open ends for full listing of verbatim responses.

Q50: You anticipate allocating more on digital video (desktop and mobile) advertising during the 2019 Digital Content NewFronts than you allocated as a result of the 2018 Digital Content NewFronts. Would you explain why?
Base: Respondents who Anticipate Allocating More During the 2019 Digital Content NewFronts

Appendix

Average Percent Digital Video Allocation to Each Brand by Market Sector

	Automotive	Fashion/ Apparel	Financial	Consumer Goods	Furniture/ Appliances	Media & Entertainment	Retail	Telecom
facebook	21%	16%	20%	24%	18%	19%	17%	20%
Instagram	12%	12%	11%	13%	14%	17%	15%	12%
	10%	11%	6%	11%	9%	9%	11%	16%
	12%	18%	13%	14%	11%	13%	11%	13%
YouTube	17%	16%	20%	15%	24%	17%	24%	16%
FEP	14%	11%	16%	12%	11%	13%	10%	12%
Publisher Sites/Apps	13%	16%	14%	11%	14%	12%	8%	10%

Q40: What % of your digital video (desktop and mobile video) for your [company's/client's] biggest or most important product or service in the [ASSIGNED MARKET SECTOR] is spent with: ?
Base: Total Respondents

57% of increased digital video budget is from new expanded budget

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

Shifting Funds Away from Any TV (net)
71%

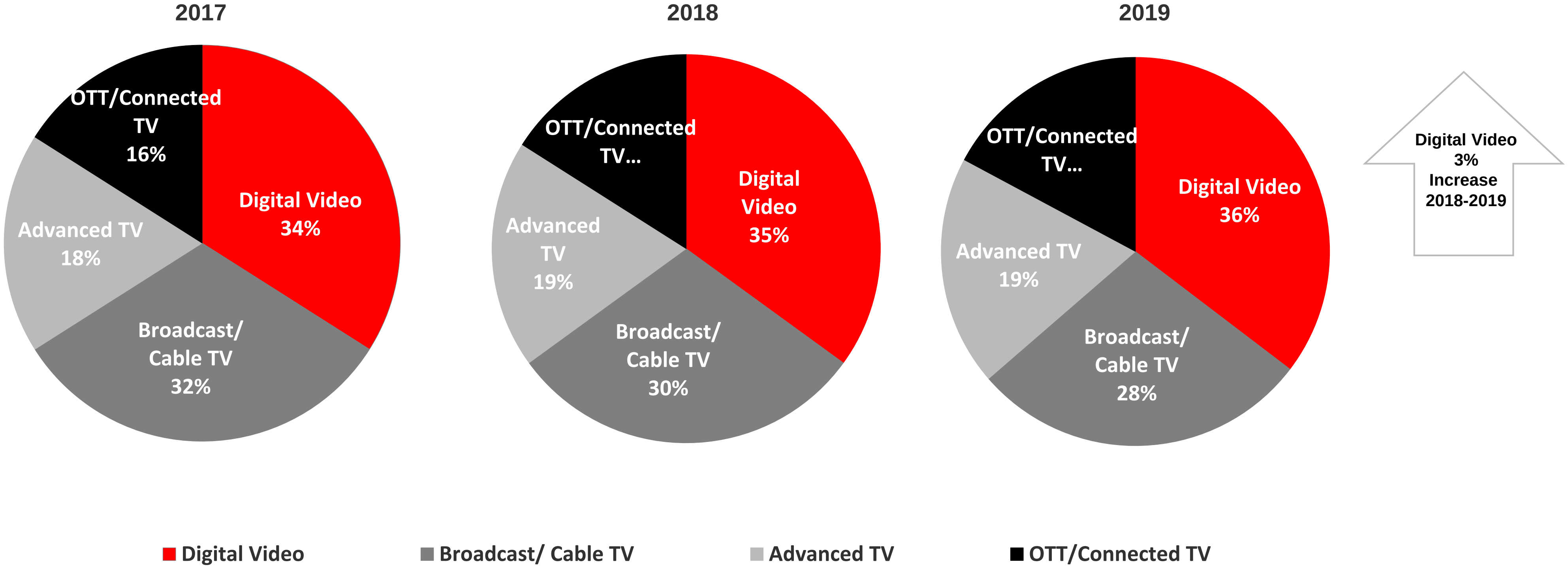
72%
Will Increase Spending on Digital Video Advertising in the Next 12 Months

57%	47%	41%	35%	35%	26%
Overall Expansion of Budgets	Broadcast TV Advertising	Cable TV Advertising	Non-Video Ads Online	Advanced/ Interactive TV	Neither Digital nor TV

Q10: 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: Involved in Media Type
Q20: You mentioned that your spending on digital video (desktop and mobile) advertising will increase in 2019 compared to 2018. Where will the funding come from for the increasing digital video advertising spend?
Base: Respondents Whose Digital Video Advertising Will Increase in 2019

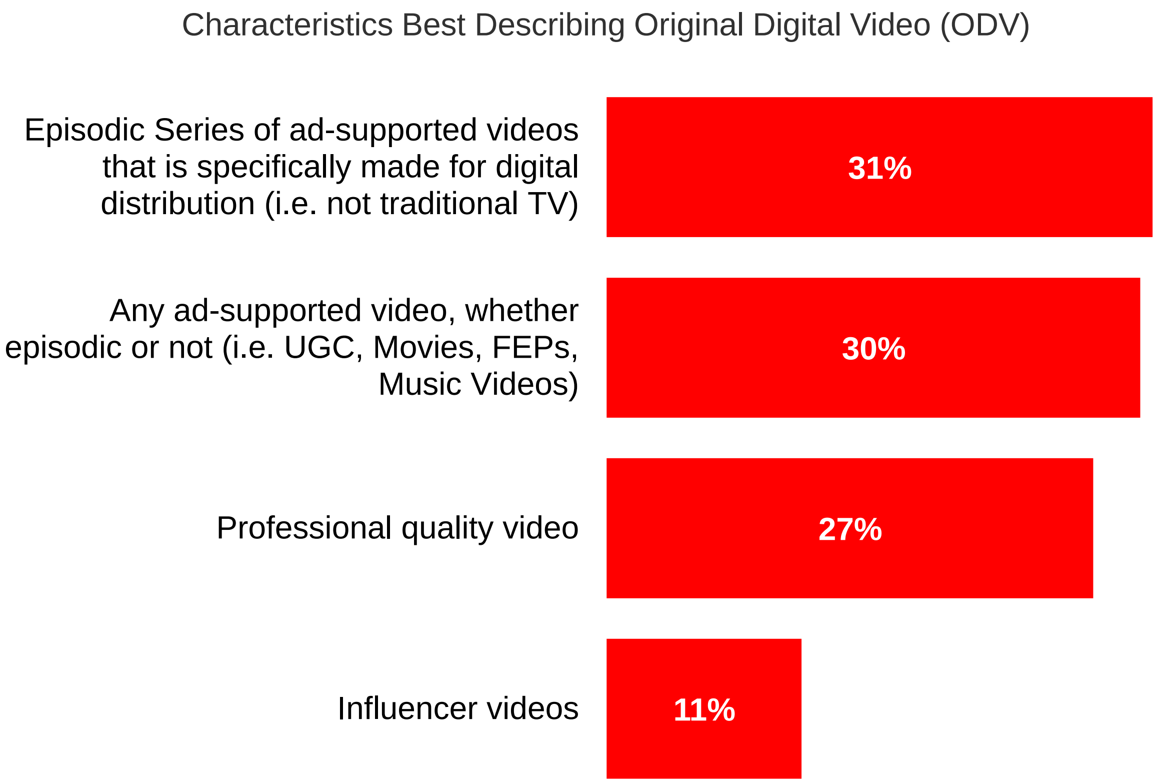
Digital video allocation ticked up over past 2 years

Spend Allocation to Video and TV Advertising Types, Average Percent



Q5: 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 2017 and 2018? What share do you anticipate allocating to each slice in 2019?
Base: Involved in Both TV and Digital Video/Mobile Video

Ad supported video, including episodic series, best describes ODV



Q80: Which of the following characteristics do you feel best describe Original Digital Video (ODV)?
Base: Total Respondents

Overall expansion of advertising budgets will be the primary source of funding for increased original digital video spend

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

Shifting Funds Away From TV (net)

Total: 61%

+31%

Projected Increase in ODV Spending 2018 - 2019

53%	35%	29%	27%	24%	23%	12%
Overall Expansion of Budgets	Cable TV Advertising	Broadcast TV Advertising	Other Online (Non-Video)	Advanced/ Interactive TV Advertising	Other (Non-Digital/ Non-TV) Media Types	Other Digital Video Advertising

Q90: You mentioned that your advertising spending on professionally produced original digital video programming/content will increase in 2019 compared to 2018. 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 2019

Spending on ODV advertising increased across all verticals over the past 2 years

Retail and Fashion/Apparel Advertisers Are the Biggest Spenders on ODV Advertising; Media & Entertainment and Fashion/Apparel are the faster growing sectors

2019 Average Dollar Amount Spend in Millions on Original Digital Video Advertising by Market Sector

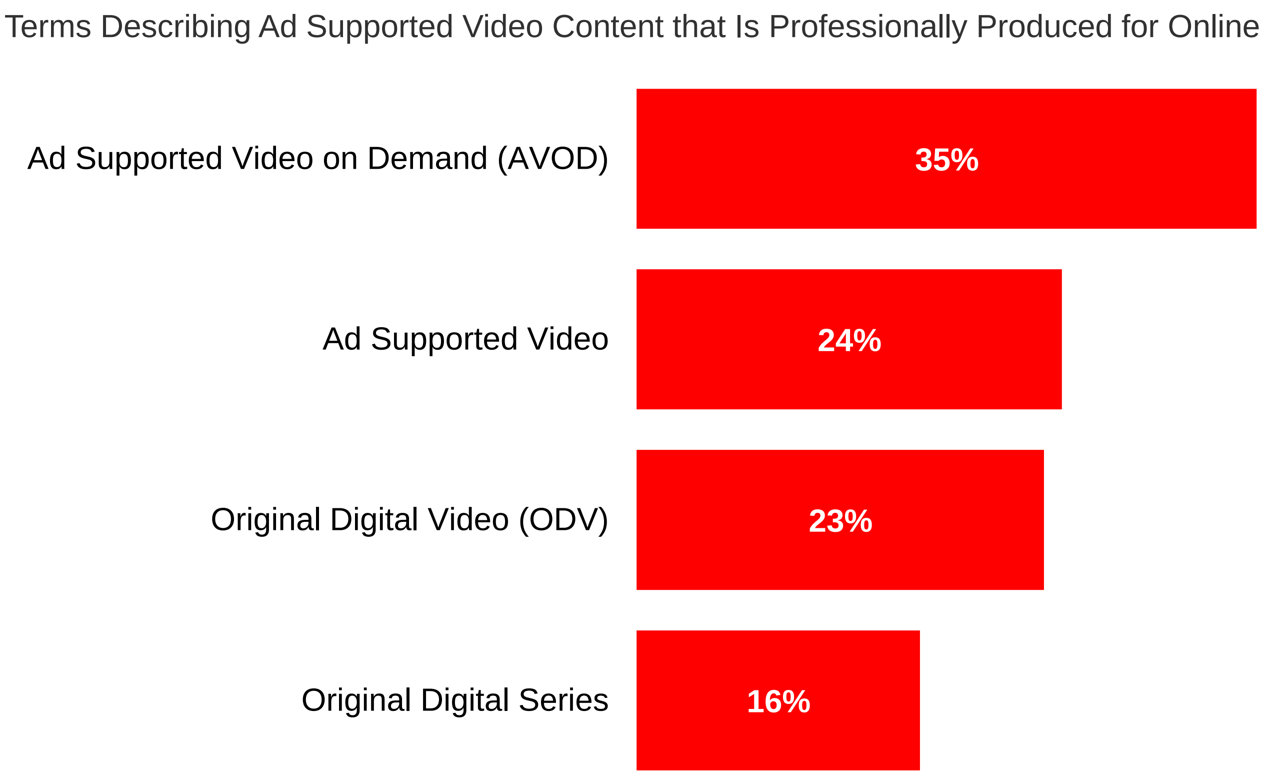
		Change since 2018
TOTAL	$9.3 M	+31%
AUTO	$10.0 M	+24%
FASHION/ APPAREL	$12.2 M	+60%
FINANCIAL	$8.3 M	+19%
HOUSEHOLD GOODS	$4.3 M	+2%

		Change since 2018
FURNITURE/ APPLIANCES	$10.4 M	+23%
MEDIA & ENTERTAINMENT	$8.4 M	+93%
RETAIL	$12.6 M	+17%
TELECOM	$10.5 M	+19%

Q15: Previously you said your company will spend [INSERT RANGE] on digital video (desktop and mobile) in 2019. 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 2017 and 2018? What do you anticipate spending in 2019?
Base: Total Respondents

Q85: What portion of your total digital video (desktop and mobile) advertising budget for [your company's/your client's] biggest most important product or service in the [MARKET SECTOR] market sector was spent advertising on each type of content in 2017 and 2018? And what do you anticipate those shares will be in 2019?

Although there is not a majority consensus, Advertisers are more likely to use AVOD to describe professionally produced ad supported video content



Q75: Which term do you use to describe ad supported video content (not advertising) that is professional produced specifically for digital/online consumption?
Base: Total Respondents

Across all market sectors at least half of digital video buys will be bought programmatically

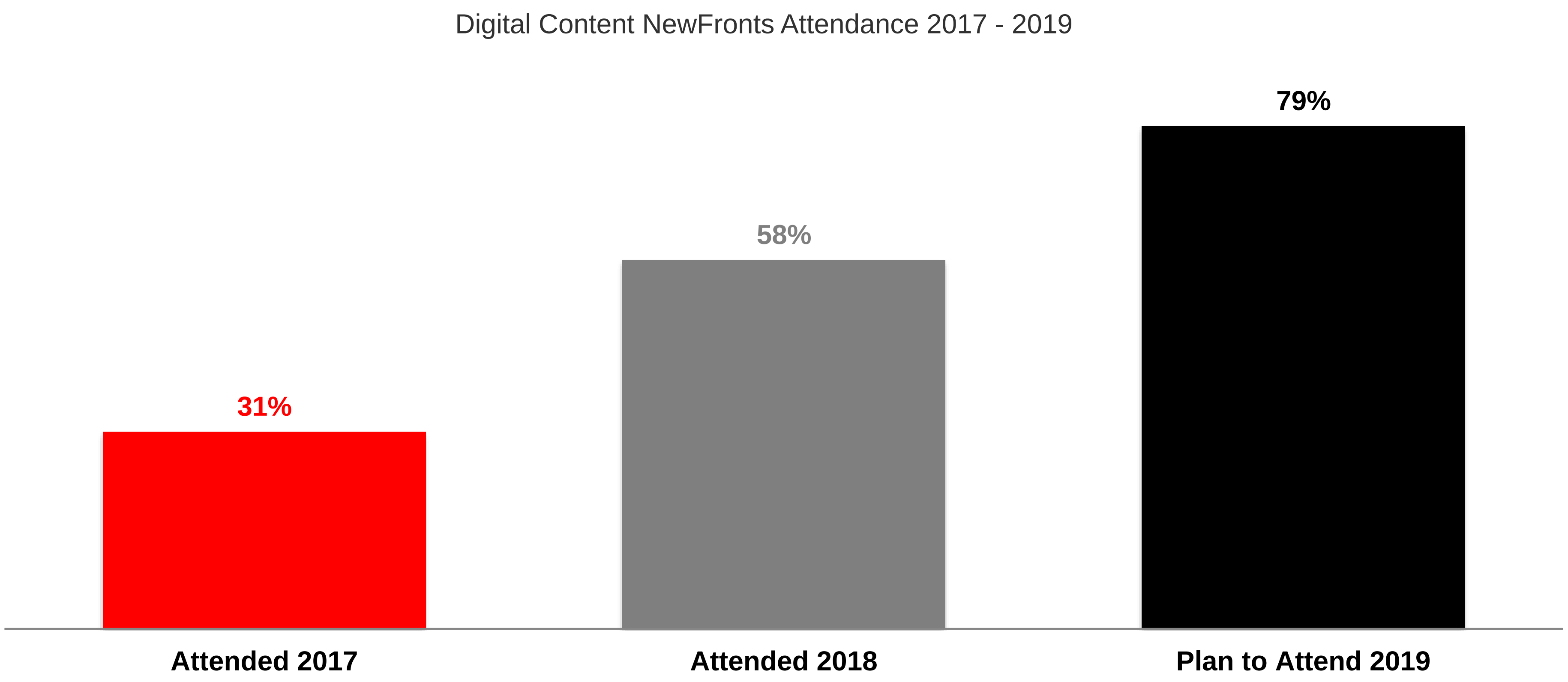
Average Percent Share of Digital Video Budgets Spent Programmatically by Market Sector

		Change since 2018
TOTAL	53%	4%
AUTO	50%	8%
FASHION/ APPAREL	56%	10%
FINANCIAL	54%	7%
HOUSEHOLD GOODS	50%	0%

		Change since 2018
FURNITURE/ APPLIANCES	51%	-6%
MEDIA & ENTERTAIN-MENT	51%	5%
RETAIL	55%	0%
TELECOM	54%	8%

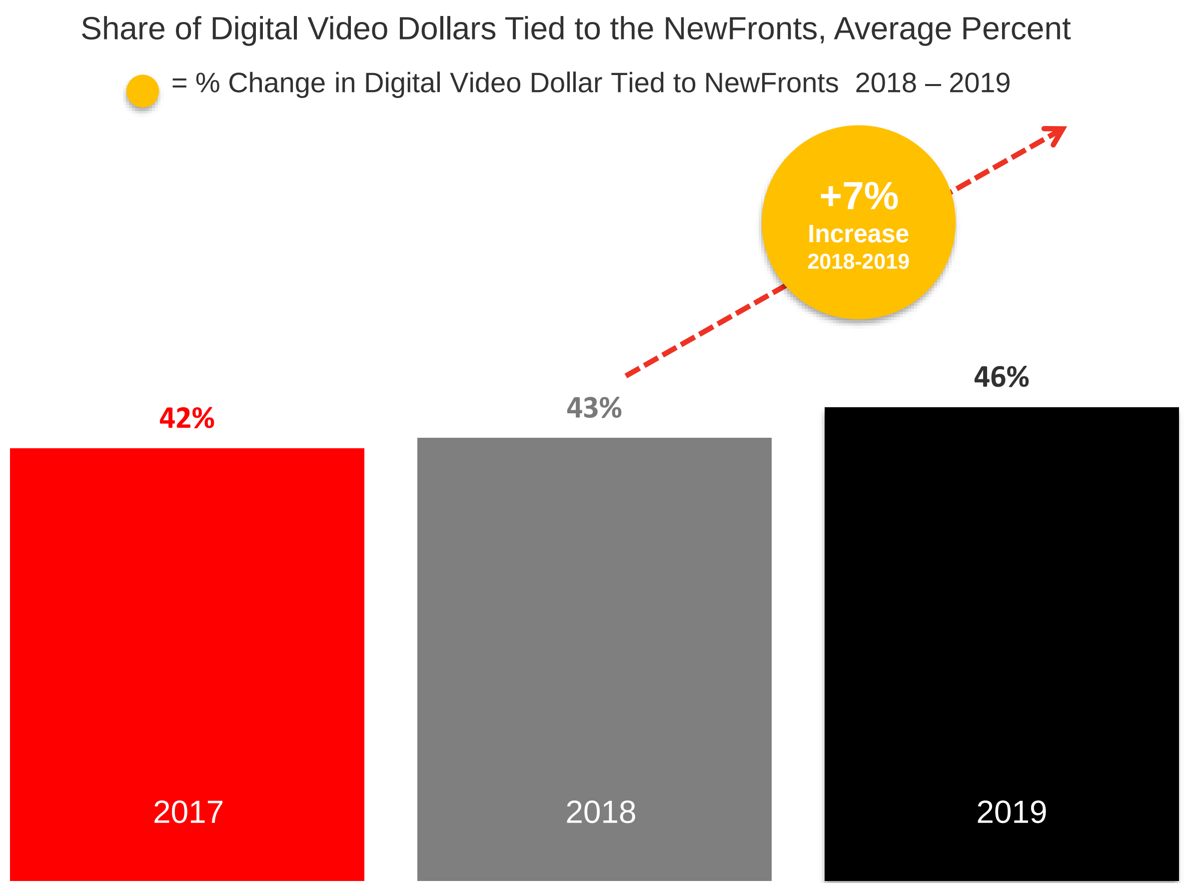
Q70a/b/c: What share of your company's digital video (desktop and mobile) ad spending, if any, was bought via programmatic companies (i.e. DSPs, SSPs, RTB) in 2017 and 2018? What share do you anticipate allocating to programmatic in 2019?
Base: Total Respondents

Nearly 8 in 10 Advertisers will attend the 2019 NewFronts



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

Advertisers project allocating 46% of digital video ad dollars at the 2019 NewFronts



Q45a/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 2017)? Last year (Spring 2018), and this year (Spring 2019)?
Base: Total Respondents

Automobile and Retail sectors anticipate allocating 50%+ of their DV budget as a result of NewFronts

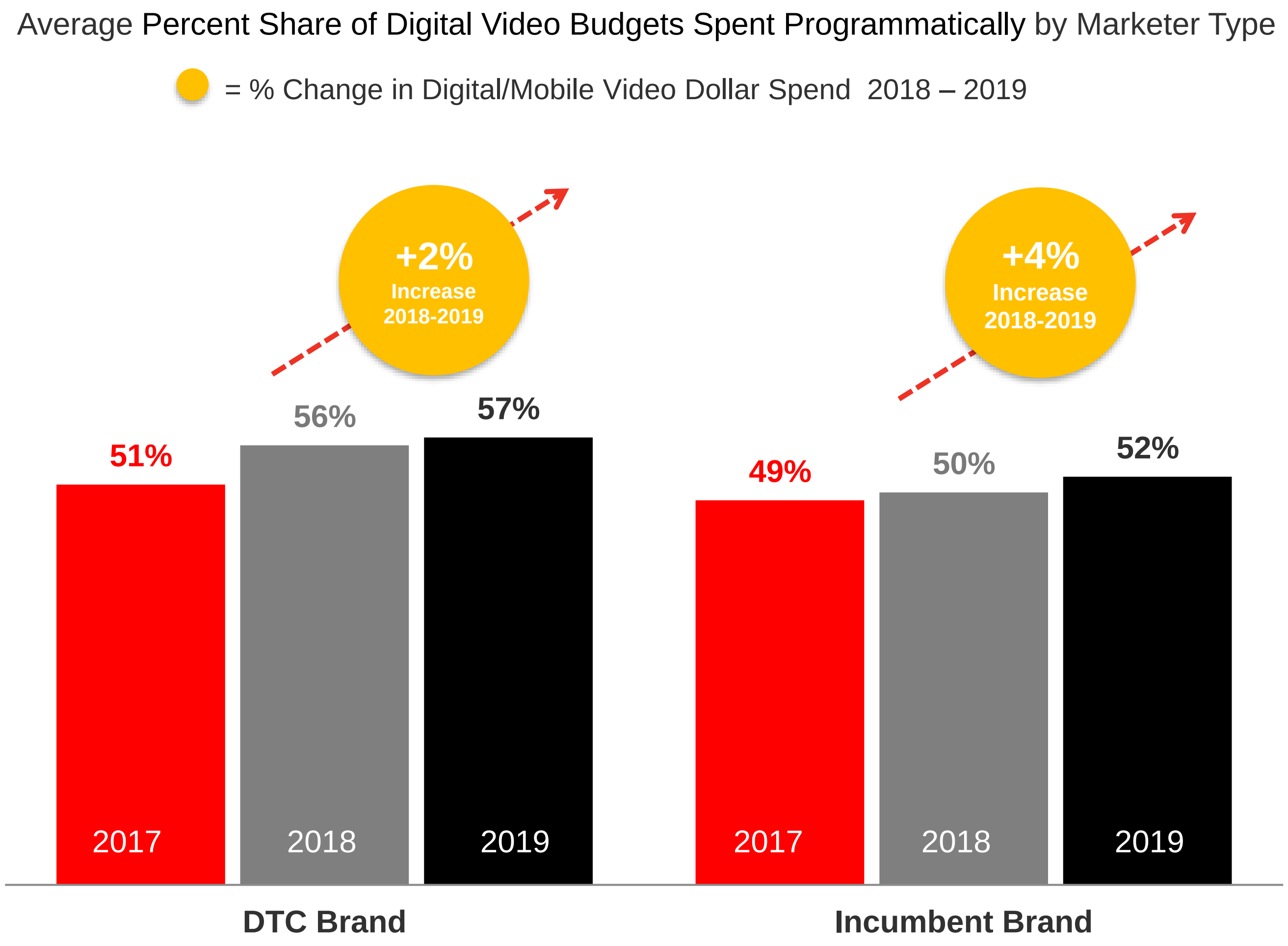
Share of Digital Video Dollars Tied to the NewFronts by Market Sector, Average Percent

		Change since 2018
TOTAL	46%	8%
AUTO	52%	3%
FASHION/ APPAREL	48%	2%
FINANCIAL	41%	12%
HOUSEHOLD GOODS	35%	15%

		Change since 2018
FURNITURE/ APPLIANCES	49%	0%
MEDIA & ENTERTAIN-MENT	44%	14%
RETAIL	50%	1%
TELECOM	49%	16%

Q45a/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 2017)? Last year (Spring 2018), and this year (Spring 2019)?
Base: Total Respondents

DTC brands allocate a slightly greater share of their digital video spend programmatically than Incumbent brands



Q70a/b/c: What share of your company's digital video (desktop and mobile) ad spending, if any, was bought via programmatic companies (i.e. DSPs, SSPs, RTB) in 2017 and 2018? What share do you anticipate allocating to programmatic in 2019?
Base: Total Respondents

Taxonomy

Original Digital Video Content: Refers to programming (not advertising) that is professionally produced specifically for digital/online consumption and is ad supported

^ DTC Brands: Brands that are digitally native, sell direct to consumer, and use a stack-your-own supply chain business model

***Vertical Video Ads:** Digital video ads that are displayed in portrait mode and shot in portrait and/or landscape mode (9:16 aspect ratio), rather than the widescreen format (16:9 aspect ratio) normalized by movies and television. Vertical video ads are typically delivered on mobile devices (which has the optimal aspect ratio to fit and fill the entire screen)

** **Stories:** Mobile-first, swipeable, brand-created longer form video, vertical video montages initially popularized by Snapchat and now used by billions of consumers across Instagram, WhatsApp, Snapchat, Facebook, Facebook Messenger and other platforms—disappears after 24 hours

***** Shoppable ads:** Interactive ads designed to connect consumers with products/services/merchants within the ad itself

^^Advanced TV: Any TV content that is delivered outside of traditional linear television model; encompasses both data-enabled and addressable TV advertising (i.e, Addressable TV, Data Enabled Linear TV, Over-the-Top TV (OTT))

> **Addressable TV:** The ability to deliver different ads to different households watching the same program, allowing advertisers to focus on ad relevance and impact
>
> **Over-the-Top (OTT) TV:** Digital Video Content that is transported (streamed) through the internet onto a connected device (laptop, smartphone, tablet, or Connected TV (CTV))
>
> **Additional Related Description:**
> **CTV** is a television that's connected to the internet (connected TV is one devices through which that **OTT** content can be consumed)

Respondent Snap Shot

Profile of Respondents (N=350)	Total
Agency	40%
Marketer (net)	60%
Incumbent brand	43%
DTC brand	17%
Senior (VP+) job title	54%
Mid (Director) job title	40%
Junior job title	7%
Digital video (desktop and mobile) advertisers	100%
TV advertisers	80%
Advanced TV advertisers	72%
Plan to attend 2019 NewFronts	79%

Market Sectors	
Automotive	11%
Fashion/Apparel	12%
Financial Services	13%
Household Goods	13%
Furniture/Appliances	18%
Media & Entertainment	12%
Retail	11%
Telecommunications	11%

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The Interactive Advertising Bureau (IAB) empowers the media and marketing industries to thrive in the digital economy. Its membership is comprised of more than 650 leading media and technology companies that are responsible for selling, delivering, and optimizing digital advertising or marketing campaigns. The trade group fields critical research on interactive advertising, while also educating brands, agencies, and the wider business community on the importance of digital marketing. In affiliation with the IAB Tech Lab, it develops technical standards and best practices. IAB and the IAB Education Foundation are committed to professional development and elevating the knowledge, skills, expertise, and diversity of the workforce across the industry. Through the work of its public policy office in Washington, D.C., IAB advocates for its members and promotes the value of the interactive advertising industry to legislators and policymakers. There are 43 IABs licensed to operate in nations around the world and one regional IAB in Europe. Founded in 1996, IAB is headquartered in New York City.

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Thank You

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