IAB U.S. 2020 Digital Video Advertising Spend Report: Putting Covid in Context

Published June 2020

Commissioned Partner:

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2020 Video Ad Spend: Executive Summary

2020 has been one of the most challenging years for the advertising sector since the Great Recession of 2008. However, among all the paused and cancelled campaigns, digital video remains relatively stable, driven by Connected TV (CTV).

Key drivers:

- Average CTV spend for the year is expected to reach $16MM per advertiser (+8% y/y)
- More than half of buyers are shifting dollars from Broadcast (53%) and Cable TV (52%) advertising towards CTV
- In terms of specific categories, retail, media/entertainment and telecom are the largest CTV buyers, spending $32.2 million, $31.9 million, and $20.6 million per advertiser respectively
- Video advertising on desktop is expected to be the hardest hit in 2020

Additional Findings:

- Brand Safety was cited as the most important criterion for buyers when selecting digital video brands/publishers (86%), followed by premium content (82%) and clear ROI measurement (80%)
- Programmatic in-housing continues to see significant growth, growing 64% YoY
- When it comes to social media video, story formats* are growing exponentially, expected to increase 62% YoY
- Shoppable ads and augmented reality advertising are also poised for growth up 21% and 33% respectively YoY

* Social Video Stories are brand-created, longer-form videos that disappear after 24 hours.

Note: Results are among advertisers who spend a minimum of $1M annually in advertising

Methodology

Methodology

350 Online Interviews Conducted

Survey Fielded (Pre COVID): February 27 - March 12, 2020

Survey Fielded (Post COVID): May 1 - May 6, 2020

Total Sample: N = 350 Advertiser and Agency*

Qualification: Involved in Digital Video Advertising decision-making (categories noted); $1M+ Ad Spend

Video Taxonomy: Please refer to the last page of this presentation

* Data falling below the stable threshold are noted and used for directional purposes only.

Market Sectors Included

Automotive	Media & Entertainment
CPG	Fashion/Apparel/ Accessories
Financial Services	Home Furnishings
Retail	Health/Wellness
Telecommunications	Travel

Note: The data in this report is reflective of an individual advertiser's reported spend whereas IAB's PwC Internet Advertising Revenue Report reports on the revenue publishers and platforms garner from selling advertising.

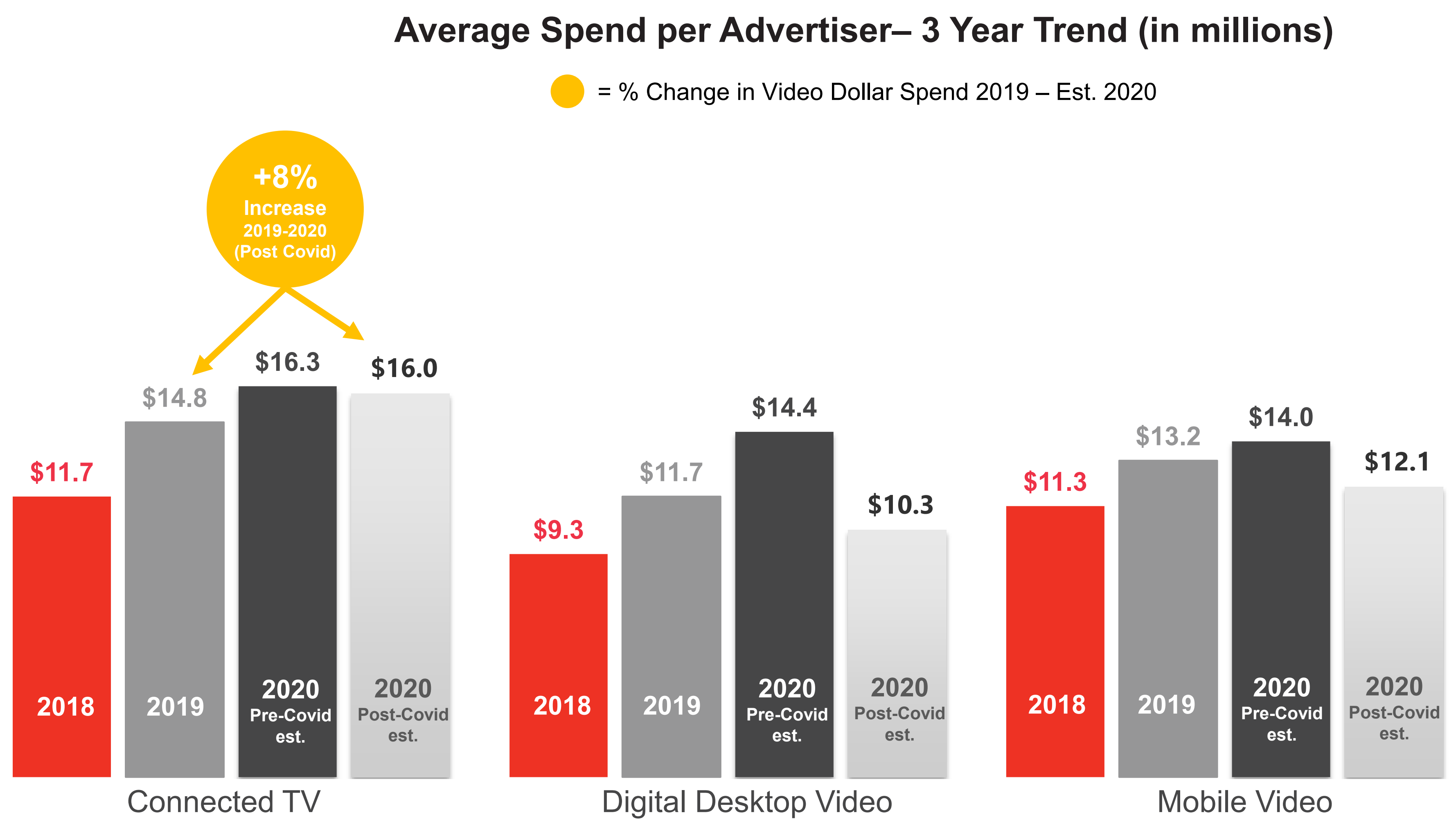
Respondents: Who completed the survey?

Profile of Respondents (350)	Total
Agency	43%
Marketer (net)	57%
Incumbent Brand	71%
DTC marketer	29%
Senior (VP+) job title	52%
Mid (Director) job title	38%
Junior job title	10%
Digital video (desktop and/or mobile) advertisers	100%
TV advertisers (Linear, Advanced, and/or CTV)	91%
Advanced TV advertisers	81%

Market Sectors	Total
Apparel/Fashion	10%
Automotive and related	10%
CPG	11%
Financial Services	10%
Health and Wellness	10%
Home and Appliance	10%
Media and Entertainment	10%
Retail	10%
Telecommunications	10%
Travel	9%

TOPLINE:
DIGITAL VIDEO IN CONTEXT
2018-2020

May 2020 data illustrates Covid-resiliency for CTV 2020 Video Spend



Q10: Keeping in mind your video spend in the [ASSIGNED MARKET SECTOR], to the best of your knowledge for each media type what exactly was your (company's/client's) spend in 2018 and 2019? What do you anticipate spending in 2020?
Base: Total Respondents Who Spent on Video Types (Variable Base)

At $82.3M per advertiser, retail buyers have the highest video spend

2020 Average Spend per advertiser (est.)	Connected TV	Digital Desktop Video	Mobile Video
TOTAL	$16.3M	$14.4M	$14.0
AUTO	$11.7M	$9.7M	**$12.4M**
CPG	$11.7M	**$21.0M**	$11.3M
FASHION/ APPAREL	**$13.2M**	$10.5M	$9.7M
FINANCE	$13.6M	**$19.4M**	$17.9M
FURNITURE/ APPLICANCES	**$6.6M**	$5.4M	$6.2M

	Connected TV	Digital Desktop Video	Mobile Video
HEALTH/ WELLNESS	**$17.5M**	$12.8M	$9.7M
MEDIA & ENTERTAIN-MENT	**$31.9M**	$12.4M	$12.8M
RETAIL	**$32.2M**	$19.4M	$30.7M
TELECOM	**$20.6M**	$14.8M	$13.6M
TRAVEL	$8.5M	$5.8M	**$9.3M**

Leading sectors of spend

Bold Largest Investment by type within sector

$82.3M

Q10: Keeping in mind your video spend in the [ASSIGNED MARKET SECTOR] market sector, to the best of your knowledge, for each media type what exactly was your (company's/client's) spend in 2018 and 2019? What do you anticipate spending in 2020?; Base: Total Respondents Who Spent on Video Types (Variable Base)

Media/entertainment, health/wellness, and telecom over index for CTV spend

Index of ad spend per category

Index is relative to total

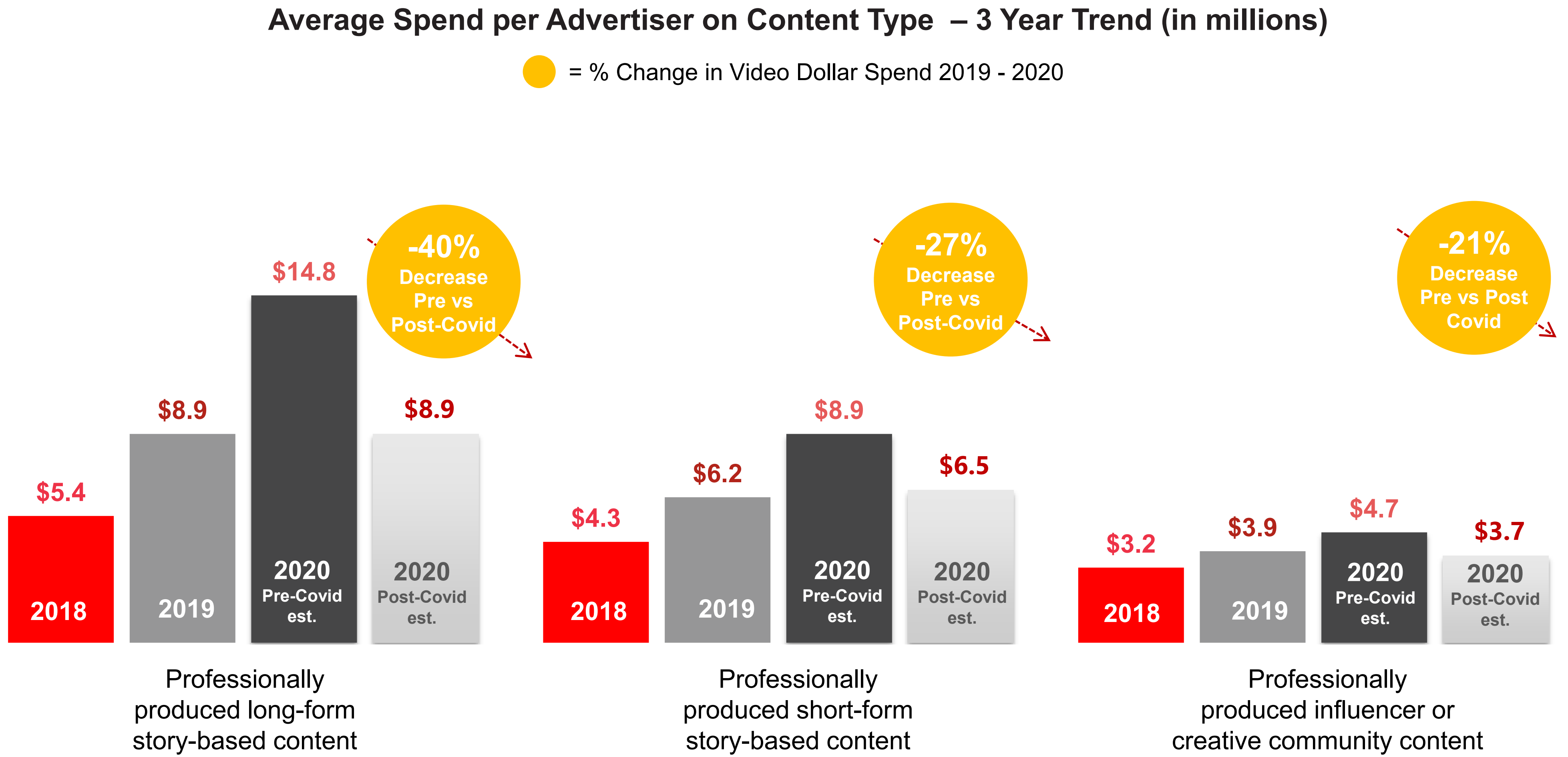
2020 % Spend Allocation (est.)	Connected TV	Digital Desktop Video	Mobile Video
TOTAL	**36%**	**32%**	**31%**
AUTO	95	89	117
CPG	73	148	82
FASHION / APPAREL	108	98	93
FINANCE	73	118	112
FURNITURE/ APPLICANCES	99	92	109

	Connected TV	Digital Desktop Video	Mobile Video
HEALTH/ WELLNESS	120	99	77
MEDIA & ENTERTAIN-MENT	153	67	72
RETAIL	107	73	119
TELECOM	115	94	89
TRAVEL	99	76	126

Q10: Keeping in mind your video spend in the [ASSIGNED MARKET SECTOR], to the best of your knowledge for each media type what exactly was your (company's/client's) spend in 2018 and 2019? What do you anticipate spending in 2020?; Base: Total Respondents Who Spent on Video Types (Variable Base)

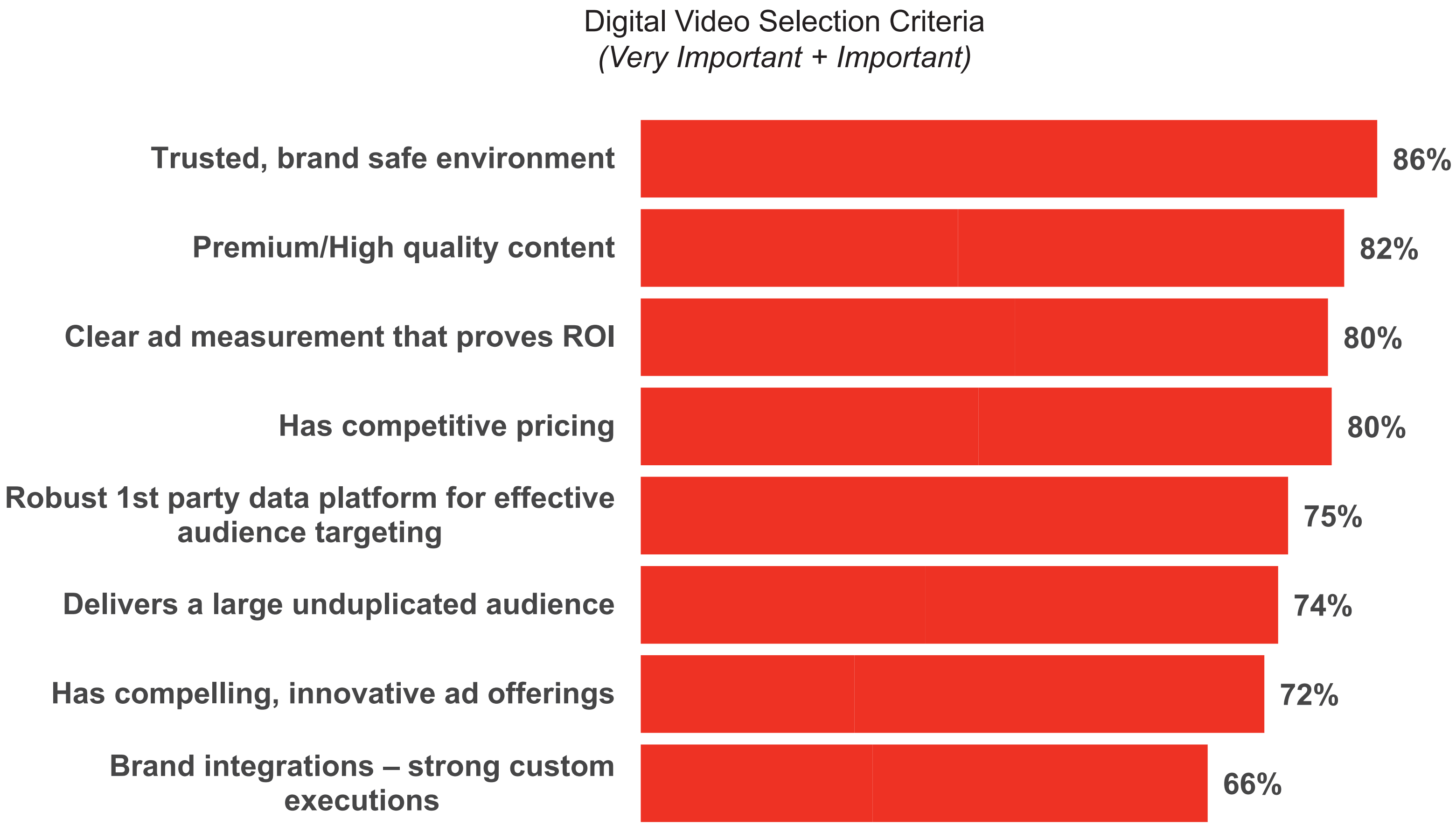
Expected gains in short-form and influencer content won't materialize in 2020

Covid negatively impacts video ad spend across all content types



Q70: We'd like to get some detail about your (company's/client's) biggest or most important product or service in the [ASSIGNED MARKET SECTOR] spend on each of the following. To the best of your knowledge, what exactly is that spending amount on each type of content in each year?
Base: Total Respondents Who Spent on Content Types (Variable Base)

Brand safety is #1 for buyers when selecting Digital Video brands/publishers



Q55: How important are each of the following when deciding which digital video (including mobile, desktop, Connected TV) providers to advertise with?
Base: Total Respondents

CTV wins with Buyers for both Brand Safety and Content Quality

How Well Each Media Type Delivers On Attribute

Media Type 8-10 Ratings

Trusted, brand safe environment	
Connected TV	77%
Desktop Digital Video	60%
Mobile Video	55%

Premium/High quality content	
Connected TV	73%
Desktop Digital Video	60%
Mobile Video	57%

Q60: Please rate how well each media type delivers on the following.
Base: Past 12 Month Media Type Usage (Variable Base)

CTV also wins with Buyers for Measurement and Targeting capabilities

How Well Each Media Type Delivers On Attribute

Media Type 8-10 Ratings

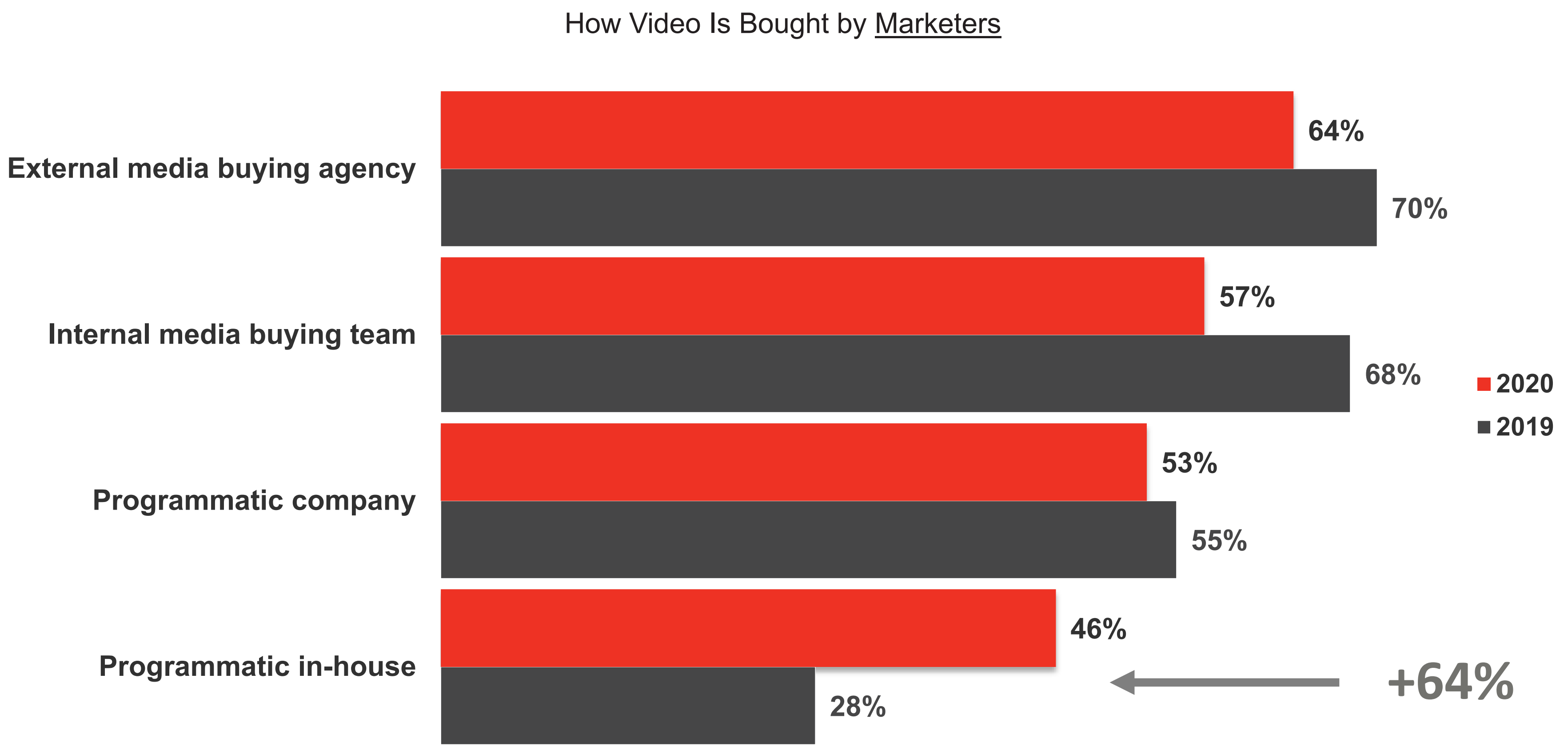
Clear advertising measurement that proves ROI	
Connected TV	64%
Desktop Digital Video	60%
Mobile Video	58%

Robust 1st party platform data for effective audience targeting	
Connected TV	72%
Mobile Video	65%
Desktop Digital Video	61%

Q60: Please rate how well each media type delivers on the following.
Base: Past 12 Month Media Type Usage (Variable Base)

Programmatic in-housing shows double digit growth (64%) for video buyers y/y

All other buying methods have decreased



Q50: Which of the following do you use to buy video (including mobile, desktop, Connected TV) advertising?
Base: Marketers

A CLOSER LOOK: CONNECTED TV (CTV)

CTV Buyers are shifting dollars from broadcast/cable TV budgets

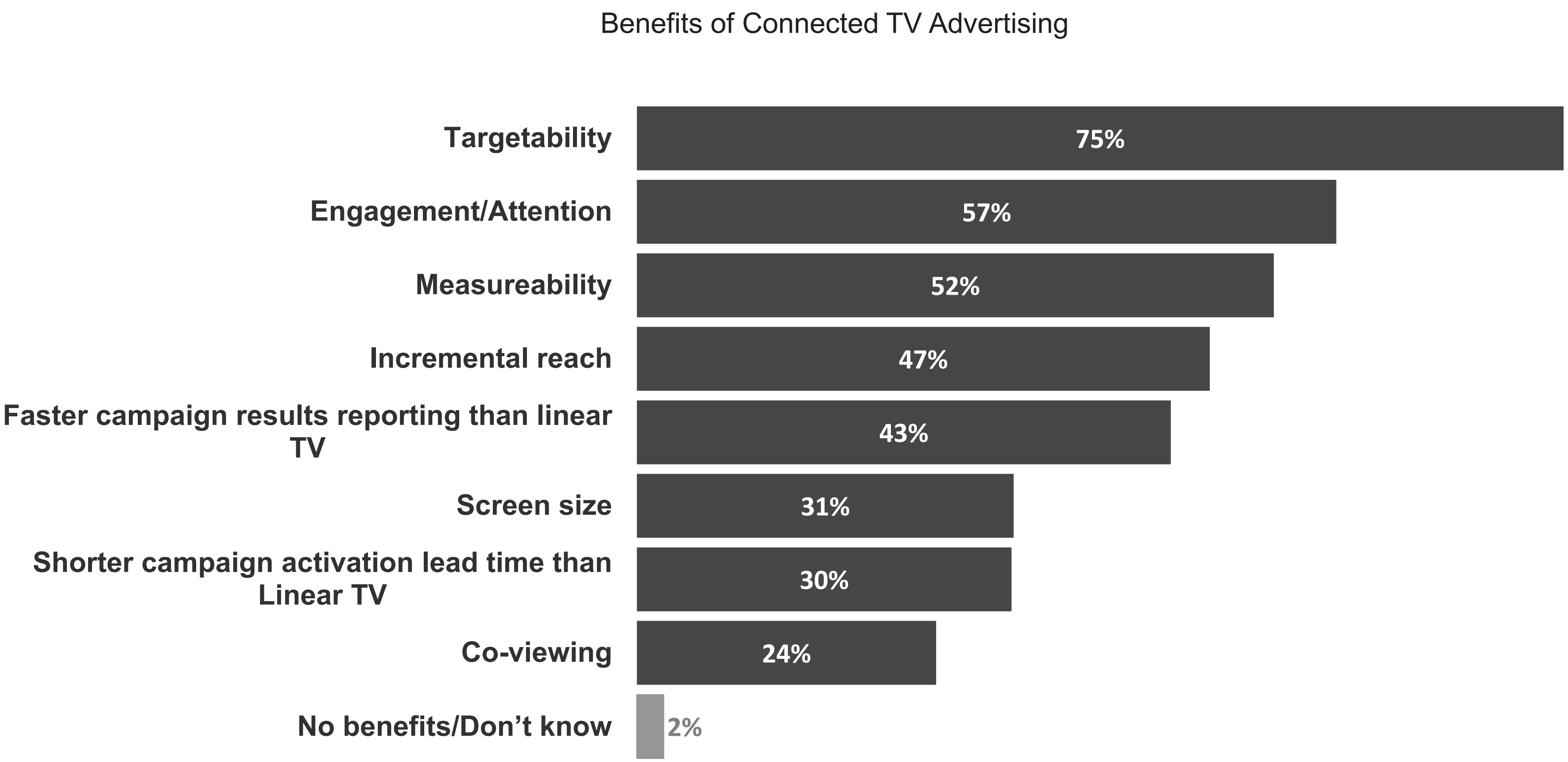
For buyers projecting increased CTV ad spend in 2020, dollars are shifting from Linear

Percent Indicating Shift of Funds Away from Advertising Types Toward CTV (Multiple Response)

53%	53%	52%	29%	27%	17%	25%
Overall Expansion of Budgets	Broadcast TV Advertising	Cable TV Advertising	Desktop/Mobile Video	Non-Video Ads	Advanced TV	Neither Digital Nor TV

Q15: You mentioned that your (company's/client's spend on Connected TV advertising will increase in 2020 compared to 2019. How will your (company/client) fund the increase?
Base: Increase in Connected TV Spend

Buyers view targetability as the most compelling benefit of CTV

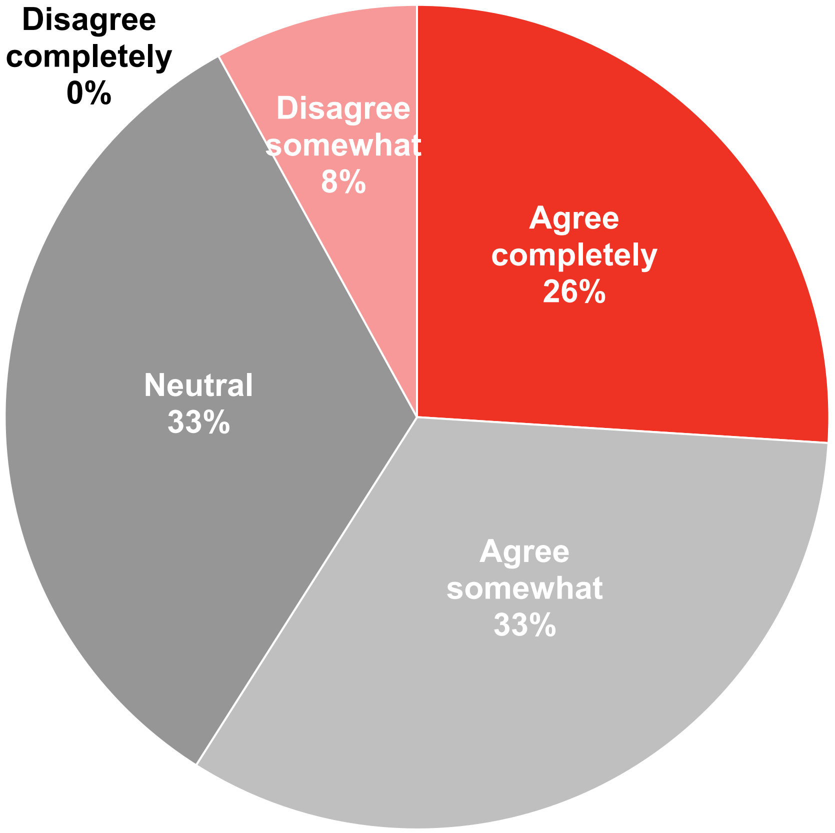


Q20: What are the main benefits, if any, of Connected TV advertising?
Base: Total Respondents

>50% of buyers value CTV co-viewing and want to know if it's happening

Co-Viewing's Impact on CTV Allocation

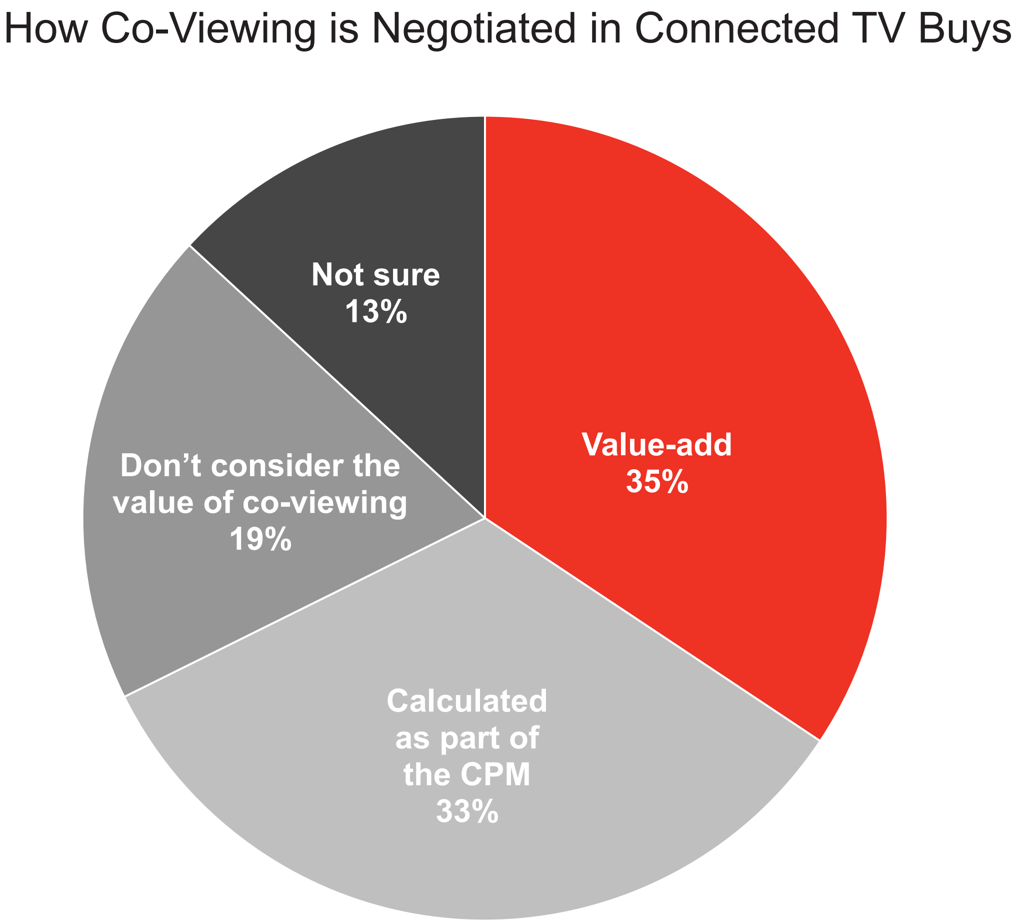
"My company/client would allocate more dollars to Connected TV if there was an agreed upon way to take co-viewing into account."



Q30: How much do you agree or disagree with the following? *"My (company/client) would allocate more dollars to Connected TV if there was an agreed upon way to take co-viewing into account."*
Base: Use Connected TV

CTV co-viewing is valuable to buyers but hard to account for during negotiations

Buyers are evenly split on negotiating co-viewing as a value-add or calculated as part of their CPM

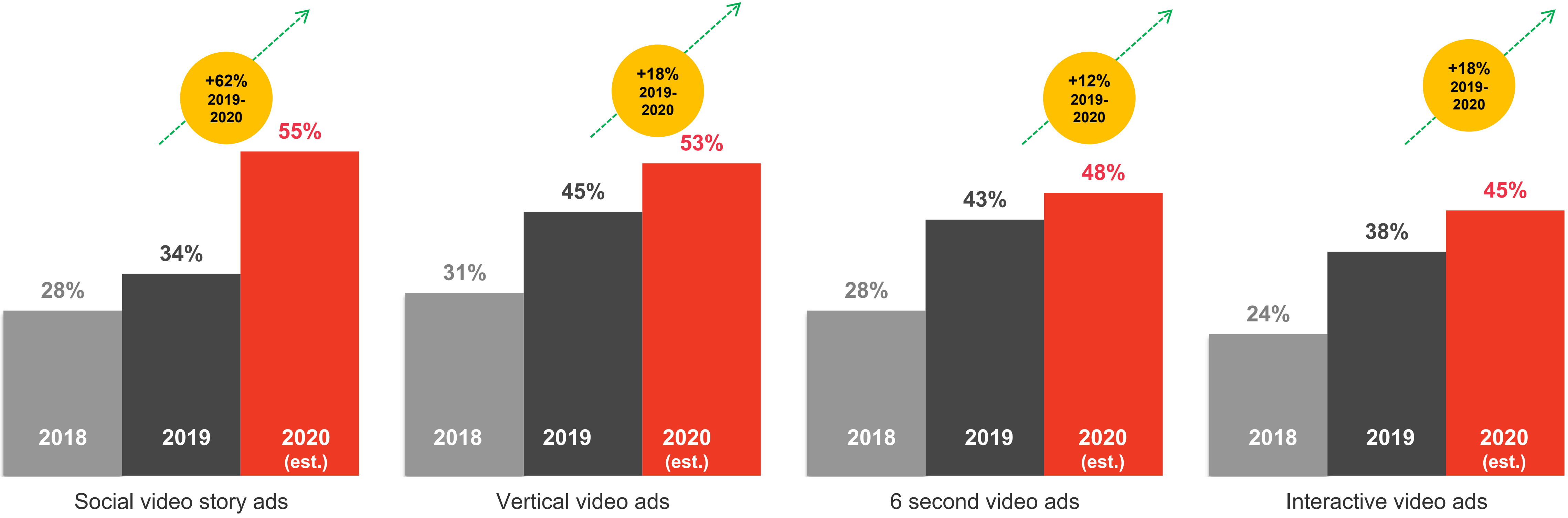


Q25: When negotiating Connected TV buys, is co-viewing typically a value-add or taken into account in the CPM?
Base: Use Connected TV

VIDEO ADVERTISING TRENDS

Social Video Story ads* have grown the most in popularity with buyers

Video Ad Formats Usage – 3 Year Trend (Pre-Covid)



Q210: Which of the following video ad formats has your (company/client) in the [ASSIGNED MARKET SECTOR] market sector used in campaigns in 2018 and 2019? Which does your (company/client) plan to use in 2020?
Base: Total Respondents

* Social Video Stories are brand-created, longer-form videos that disappear after 24 hours.

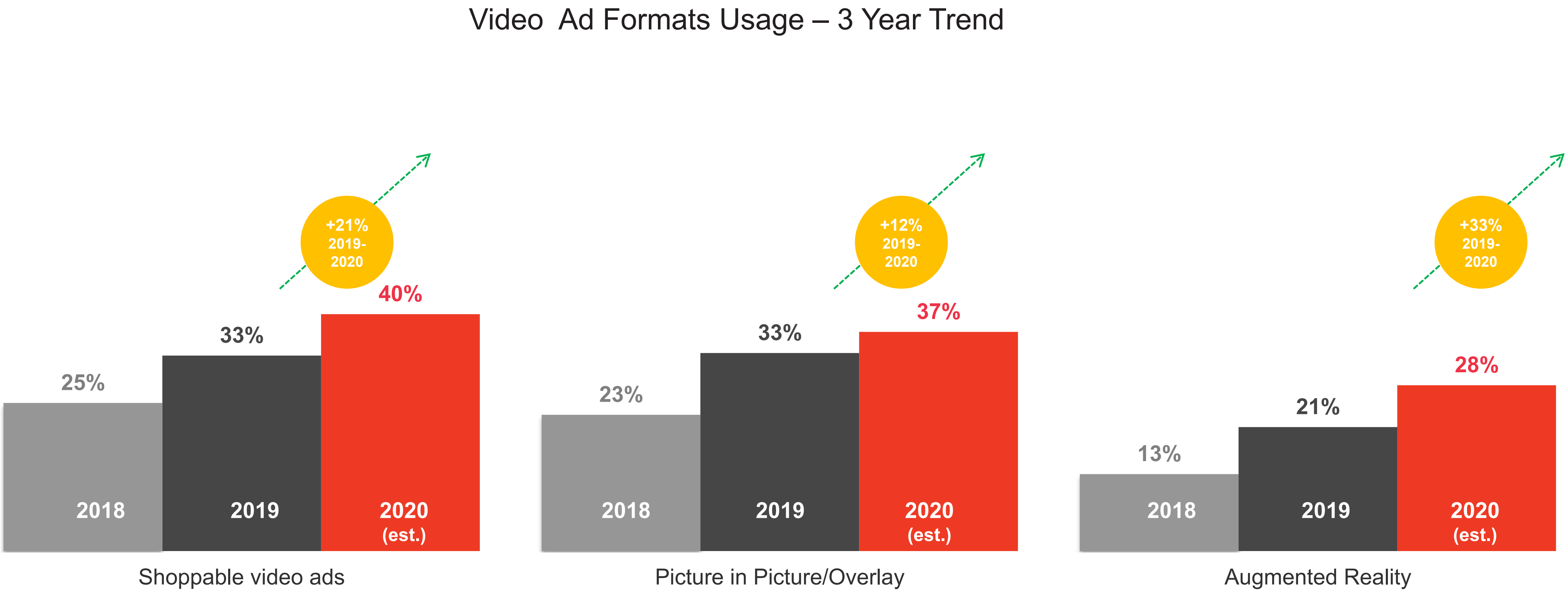
The majority of brand verticals are leaning into the stories format

2020 Ad Format Usage	Total	Auto	CPG	Fashion/ Apparel	Finance	Furniture/ Appliances	Health/ Wellness	Media/ Entertainment	Retail	Telecom	Travel
Stories	55%	33% ▼	55%	59%	69%	50%	59%	51%	59%	69%	42%
Vertical Video Ads	53%	52%	58%	39%	70% ▲	53%	35% ▼	77% ▲	53%	56%	23%
6 Second Video Ads	48%	40%	55%	45%	42%	48%	46%	61%	47%	37%	61%
Interactive Video Ads	45%	39%	21% ▼	33%	47%	56%	64% ▲	65% ▲	50%	57%	34%
Shoppable Video Ads	40%	19% ▼	48%	51%	29%	50%	23% ▼	39%	54%	58% ▲	30%
Picture/In-Picture Overlay	37%	41%	31%	16% ▼	36%	41%	31%	61% ▲	31%	60% ▲	24%
Augmented Reality	28%	18%	24%	29%	21%	23%	30%	41%	26%	43% ▲	37%

▲ ▼ Significantly Higher/Lower Than Total Advertisers at a 90% LOC

Q210: Which of the following video ad formats has your (company/client) in the [ASSIGNED MARKET SECTOR] market sector used in campaigns in 2018 and 2019? Which does your (company/client) plan to use in 2020?
Base: Total Respondents

Pre- and during Covid, performance-based Shoppable video ads gained traction



Q210: Which of the following video ad formats has your (company/client) in the [ASSIGNED MARKET SECTOR] market sector used in campaigns in 2018 and 2019? Which does your (company/client) plan to use in 2020?
Base: Total Respondents

Automotive is leading spend in long-form content

2020 Average Spend per advertiser (est.)	Long-Form	Short-Form	Influencer
TOTAL	$14.8M	$8.9M	$4.7M
AUTO	**$62.5M**	$16.7M	$5.1M
CPG	**$10.9M**	$5.8M	$3.0M
FASHION/ APPAREL	$3.3M	$4.3M	**$6.2M**
FINANCE	$12M	**$19.8M**	$7.4M
FURNITURE/ APPLICANCES	**$3.9M**	$3.8M	$1.4M

	Long-Form	Short-Form	Influencer
HEALTH/ WELLNESS	**$14.4M**	$9.3M	$7.4M
MEDIA & ENTERTAIN-MENT	$1.6M	**$7.8M**	$580K
RETAIL	**$24.1M**	$8.9M	$5.4M
TELECOM	**$16.3M**	$7.4M	$5.1M
TRAVEL	$1.5M	$1.6M	**$2.8M**

Leading sectors of spend

Bold Largest Investment by type within sector

Q70: We'd like to get some detail about your (company's/client's) biggest or most important product or service for the [ASSIGNED MARKET SECTOR] ad spend on each of the following. To the best of your knowledge, what exactly is that spending amount on each type of content in each year? Base: Total Respondents Who Spent on Content Types (Variable Base)

Retail, telecom, and CPG also heavily over-index for spend in long form content

Index of ad spend per category

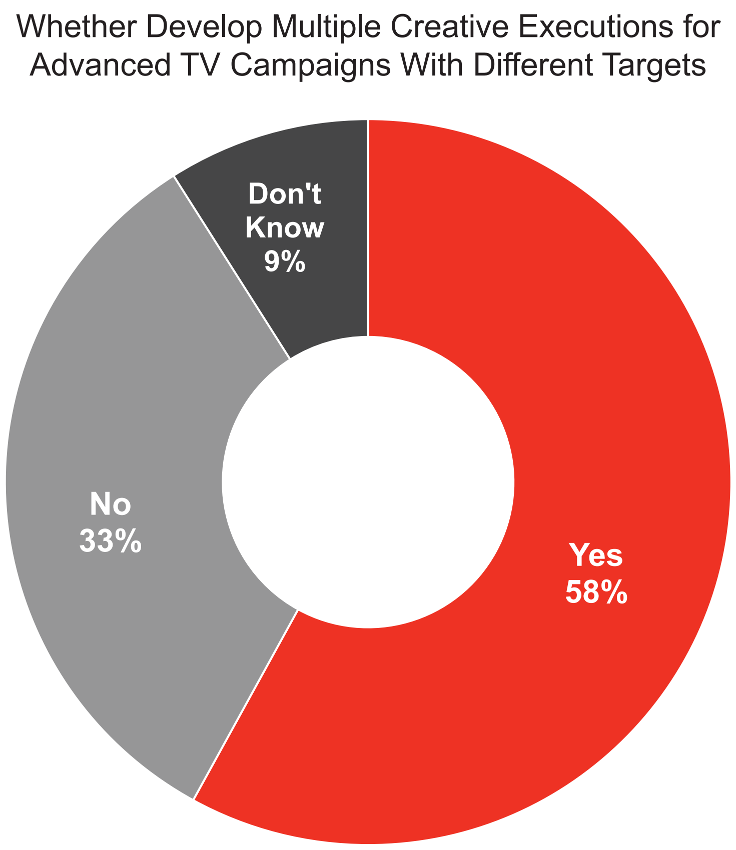
Index is relative to total

2020 % Spend Allocation (est.)	Long-Form	Short-Form	Influencer
TOTAL	52%	31%	17%
AUTO	203	61	19
CPG	152	91	49
FASHION/ APPAREL	66	97	143
FINANCE	84	157	60
FURNITURE/ APPLICANCES	118	130	49

	Long-Form	Short-Form	Influencer
HEALTH/ WELLNESS	127	93	76
MEDIA & ENTERTAIN-MENT	44	243	19
RETAIL	172	72	45
TELECOM	155	80	57
TRAVEL	70	84	152

Q70: We'd like to get some detail about your (company's/client's) biggest or most important product or service for the [ASSIGNED MARKET SECTOR] ad spend on each of the following. To the best of your knowledge, what exactly is that spending amount on each type of content in each year? Base: Total Respondents Who Spent on Content Types (Variable Base)

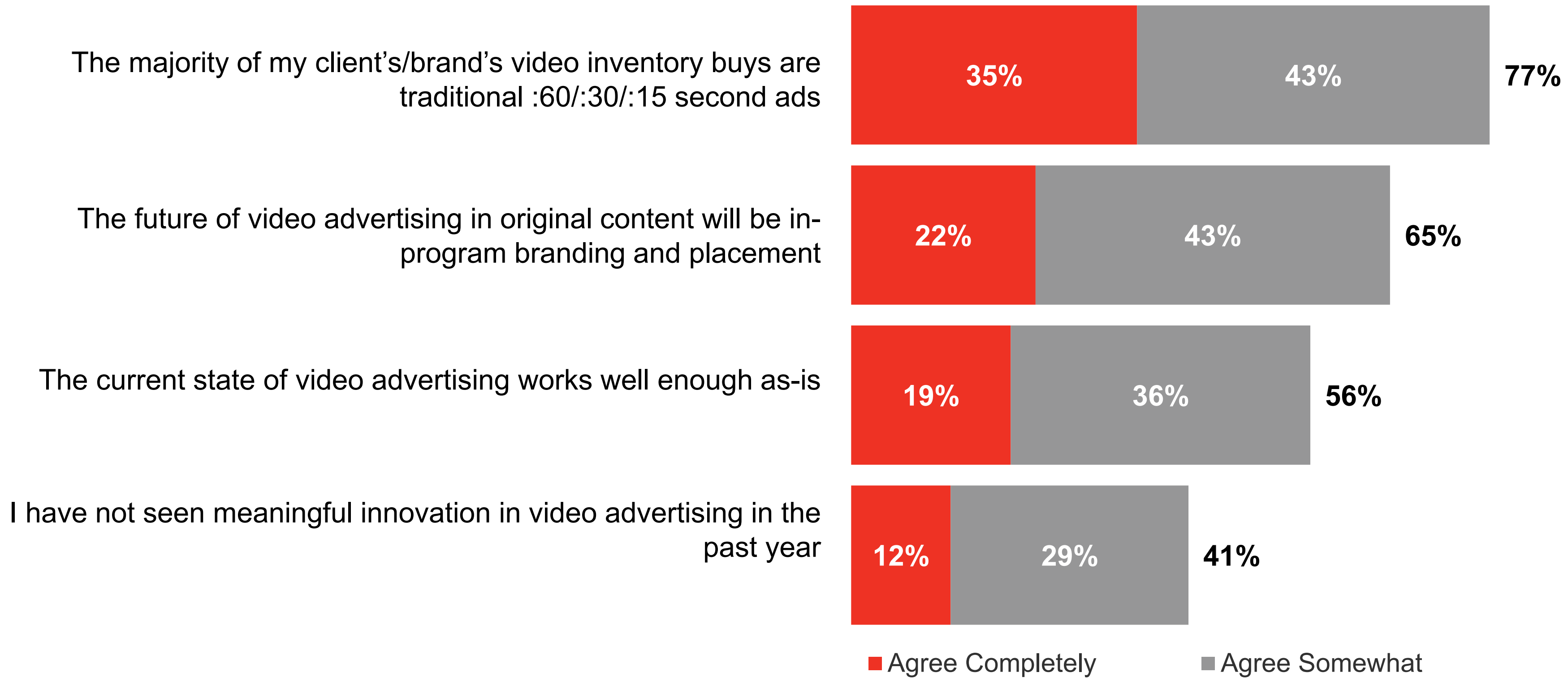
58% of marketers are leveraging data-driven video strategies by creating alternate creative executions per target



Q217: You indicated that your [company/client] currently advertises on Advanced TV. Does your (company/client) create multiple creative executions for Advanced TV campaigns that can be used for different targets?
Base: Use Advanced TV

Although slow to shift dollars towards more innovative forms, advertisers see significant changes coming

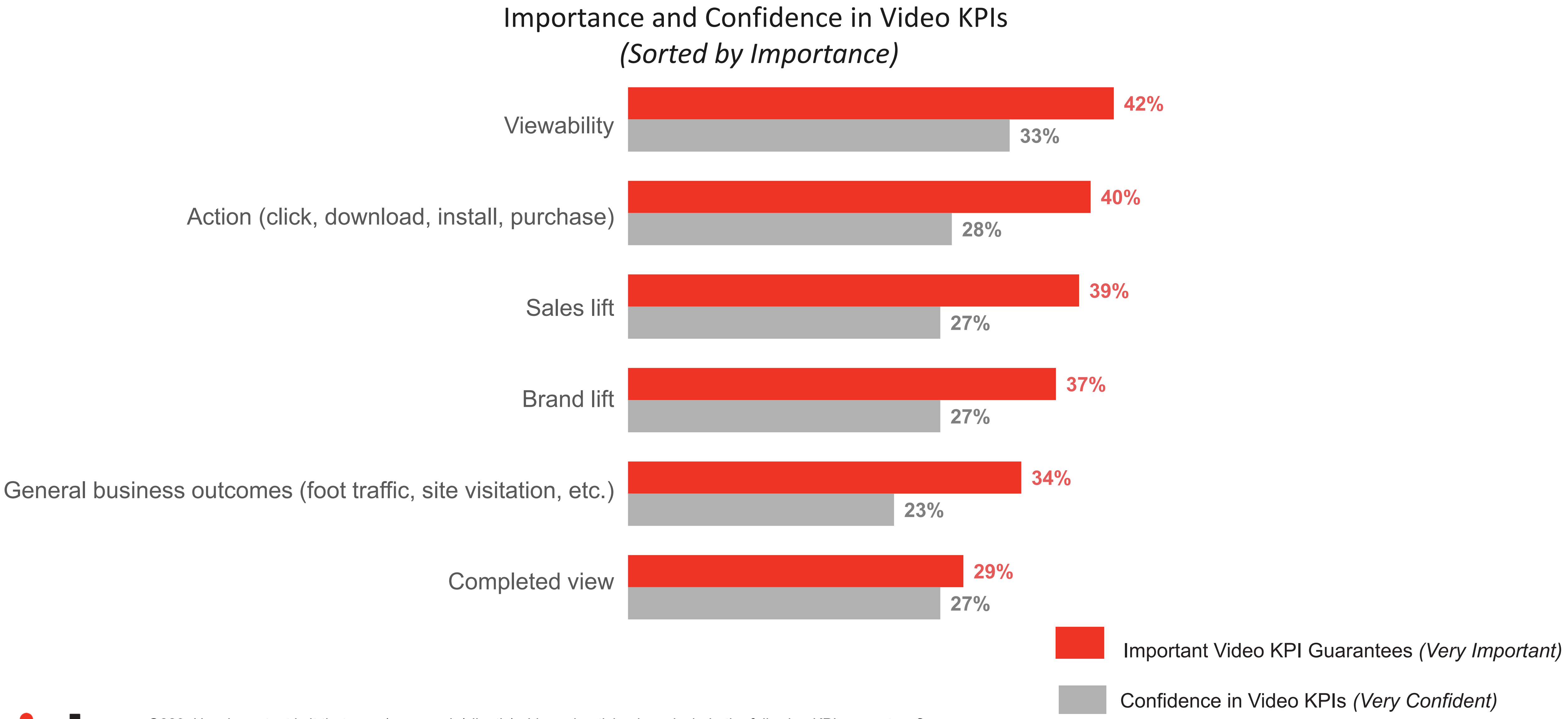
Video Trend Agreement Statements
(Sorted by Agree Completely)



Q205: How much do you agree or disagree with the following statements.
Base: Total Respondents

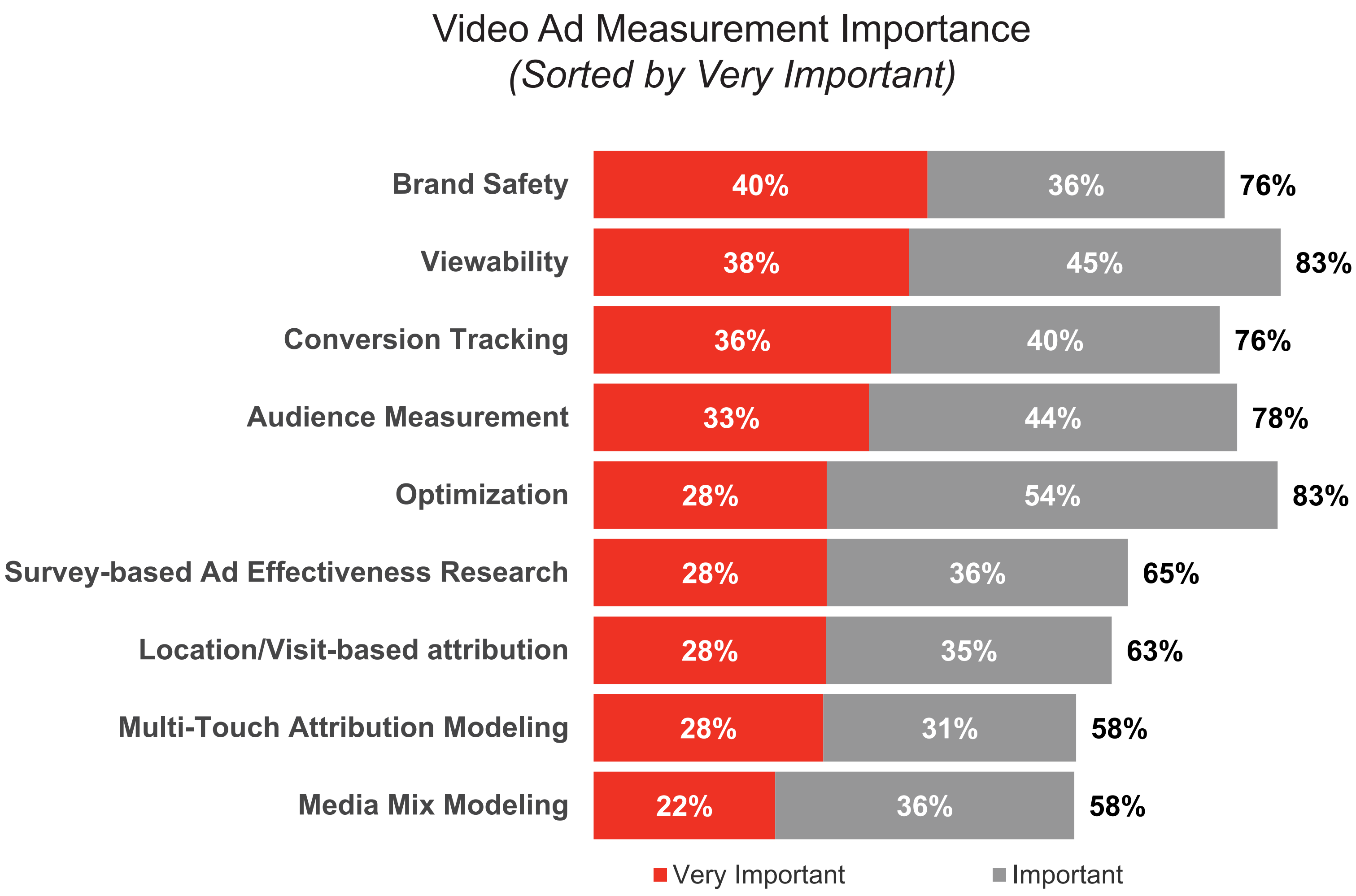
Video KPIs

Video ad spend is a performance game, but confidence in KPI guarantees is low



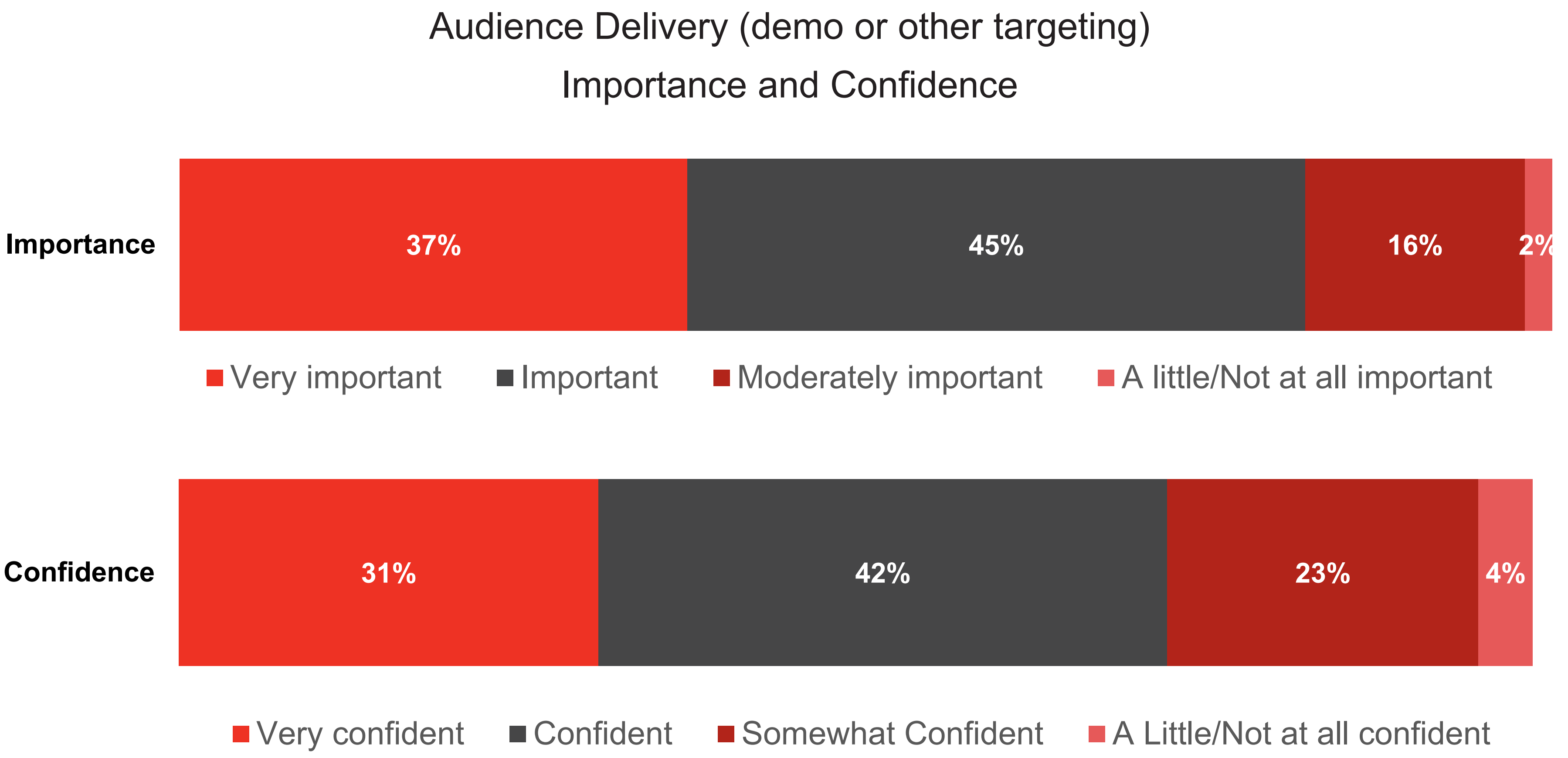
Q220: How important is it that your (company's/client's) video advertising buys include the following KPI guarantees?
Q221: How would you rate the level of confidence (methodology, transparency, quality, comparability of results, etc.) you have in each of the following KPI measurements?
Base: Total Respondents

Brand safety and viewability are the leading campaign measures



Q230: How important is each of the following when measuring the effectiveness of your video advertising in the [ASSIGNED MARKET SECTOR] market sector?
Base: Total Respondents

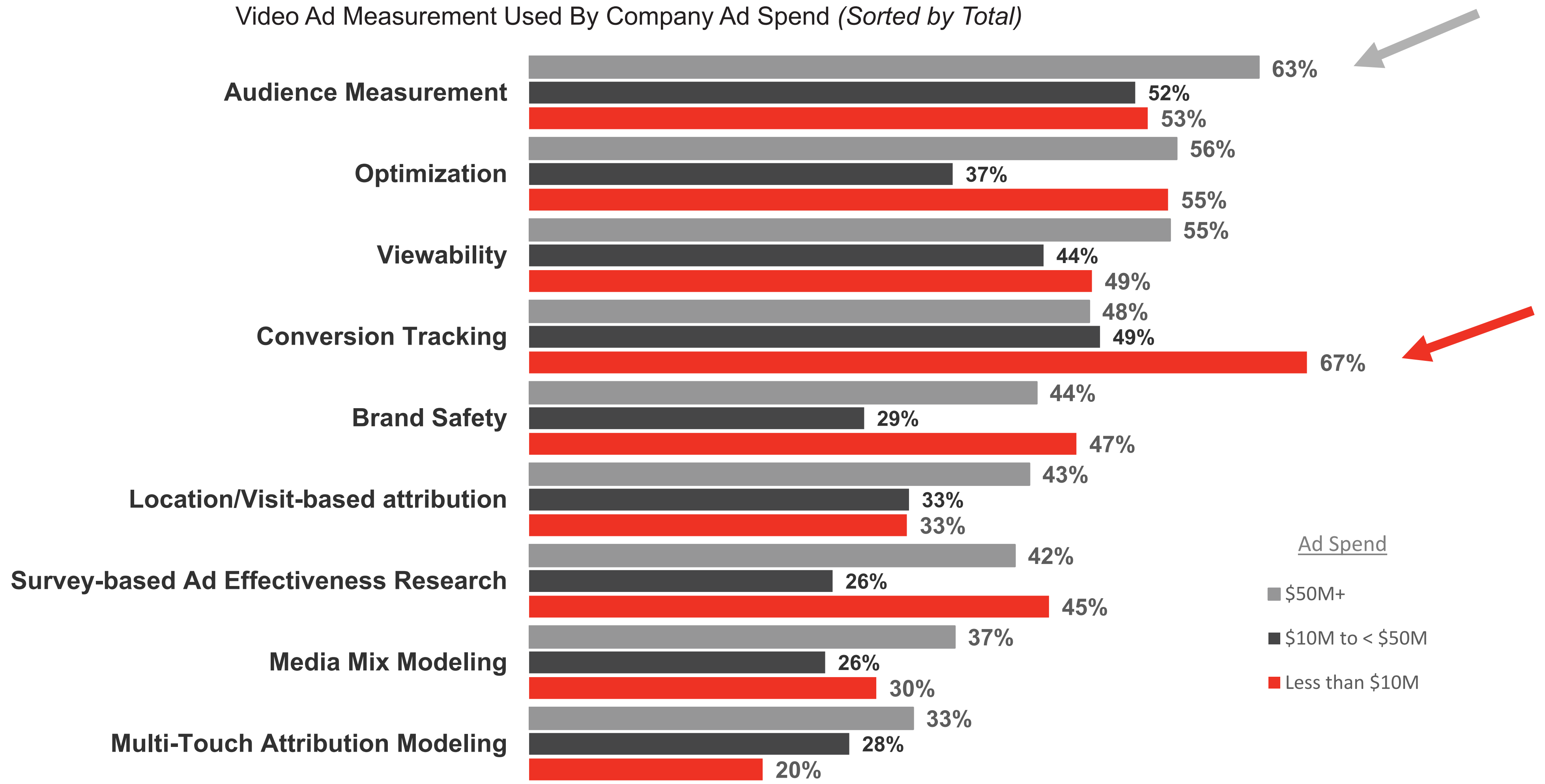
Audience targeting for video is both very important and trusted



Q220: How important is it that your (company's/client's) video advertising buys include the following KPI guarantees?
Q221: How would you rate the level of confidence (methodology, transparency, quality, comparability of results, etc.) you have in each of the following KPI measurements?
Base: Total Respondents

The biggest ad spenders care most about audience measurement

The smallest spenders care most about conversion tracking

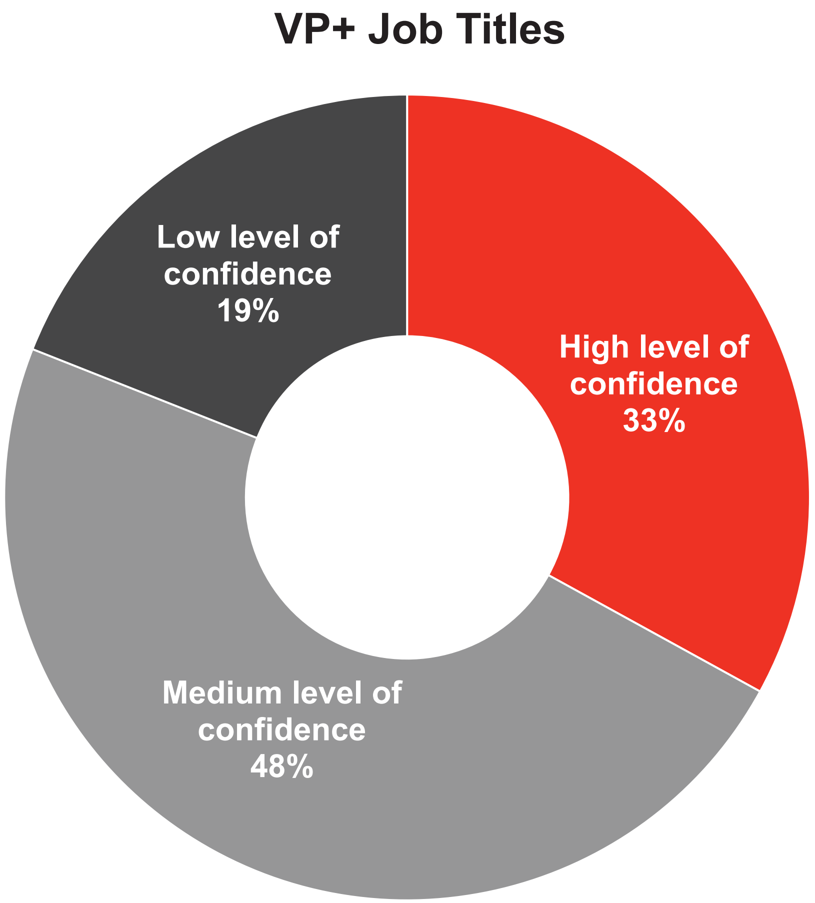


Q225: Which types of advertising measurement and/or research have you used in the past 6 months to measure your (company's/client's) video advertising in the [ASSIGNED MARKET SECTOR] market sector?
Base: Total Respondents

Decision-makers think they can combine Linear TV and Digital Video measurement

83% have a medium or high level of confidence in combined TV + Digital video measurement

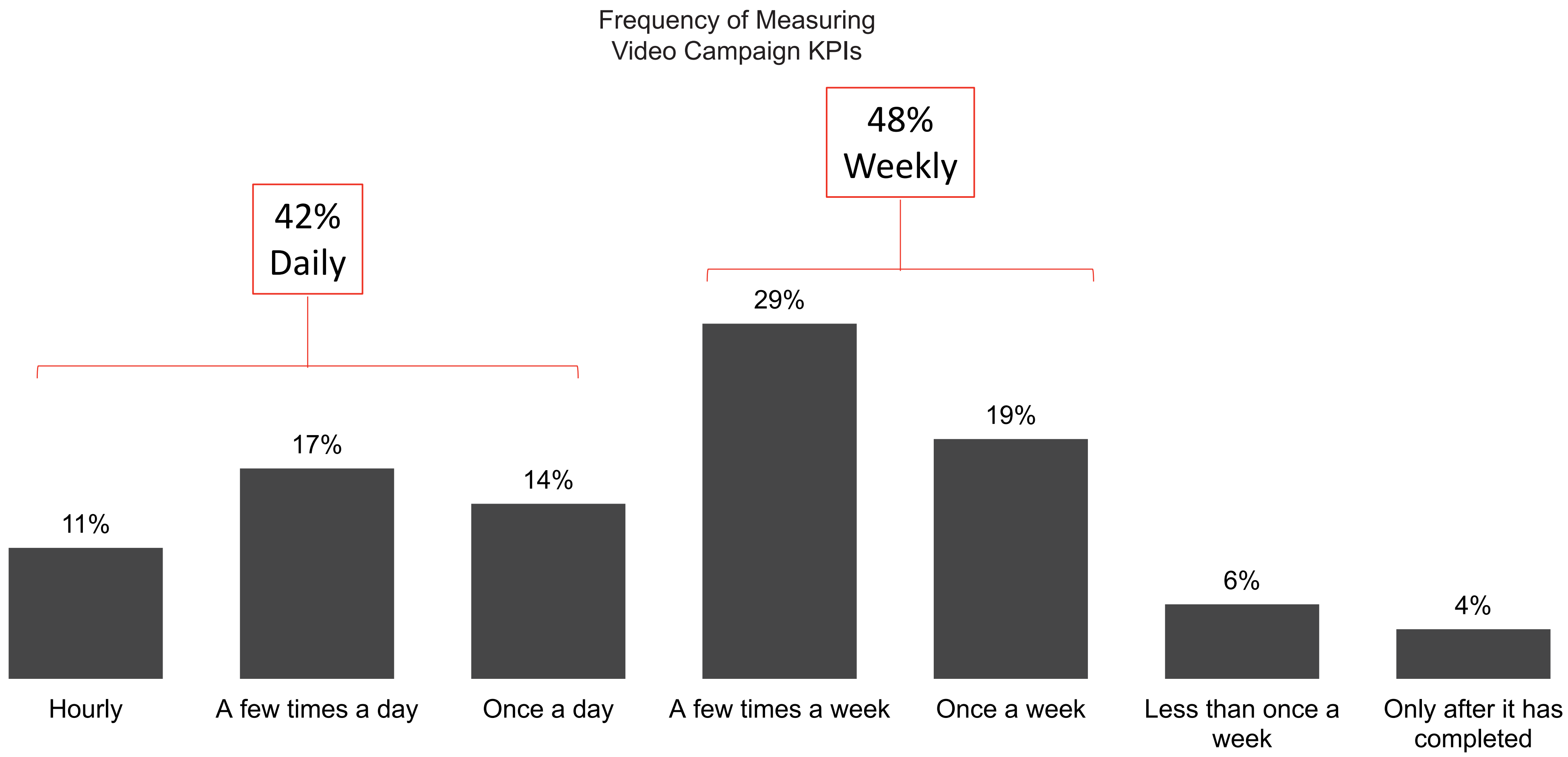
Confidence in the Ability to Combine Measurement
of Linear TV with Digital Video Campaigns



Q230c: What level of confidence do you have about the ability to tie together measurement results from Linear TV campaigns with digital video campaigns?
Base: Use Broadcast/Cable TV

Real time insights and quick turnaround for measurement reports is important

42% of marketers check KPIs daily and 48% check weekly…

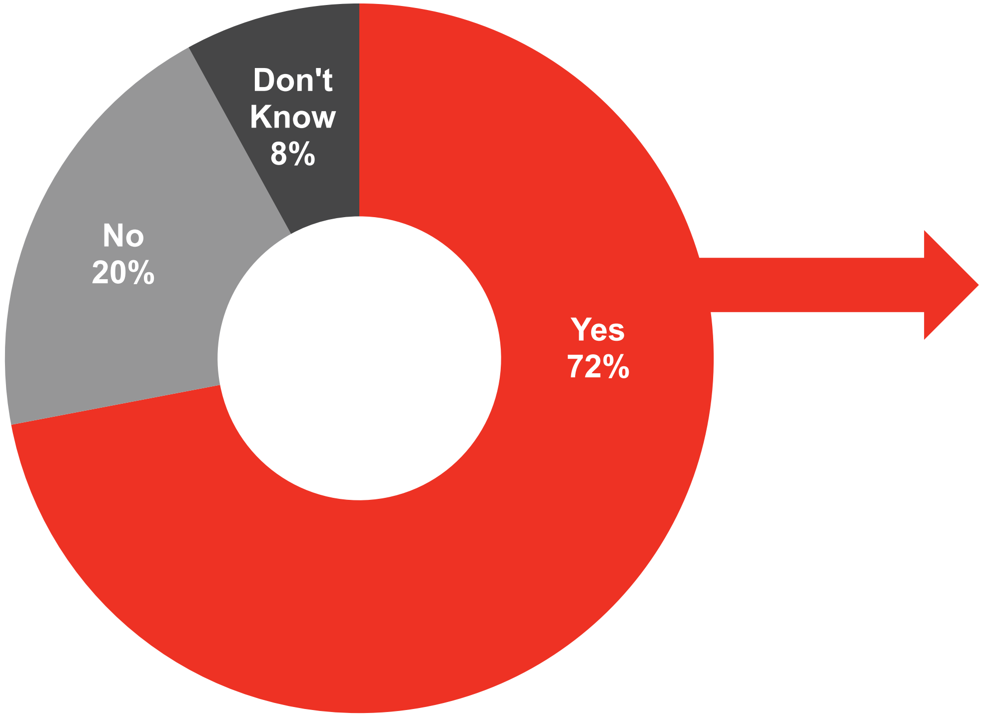


Q235: On average, how frequently do you measure a video campaign's KPIs once it's launched?
Base: Total Respondents

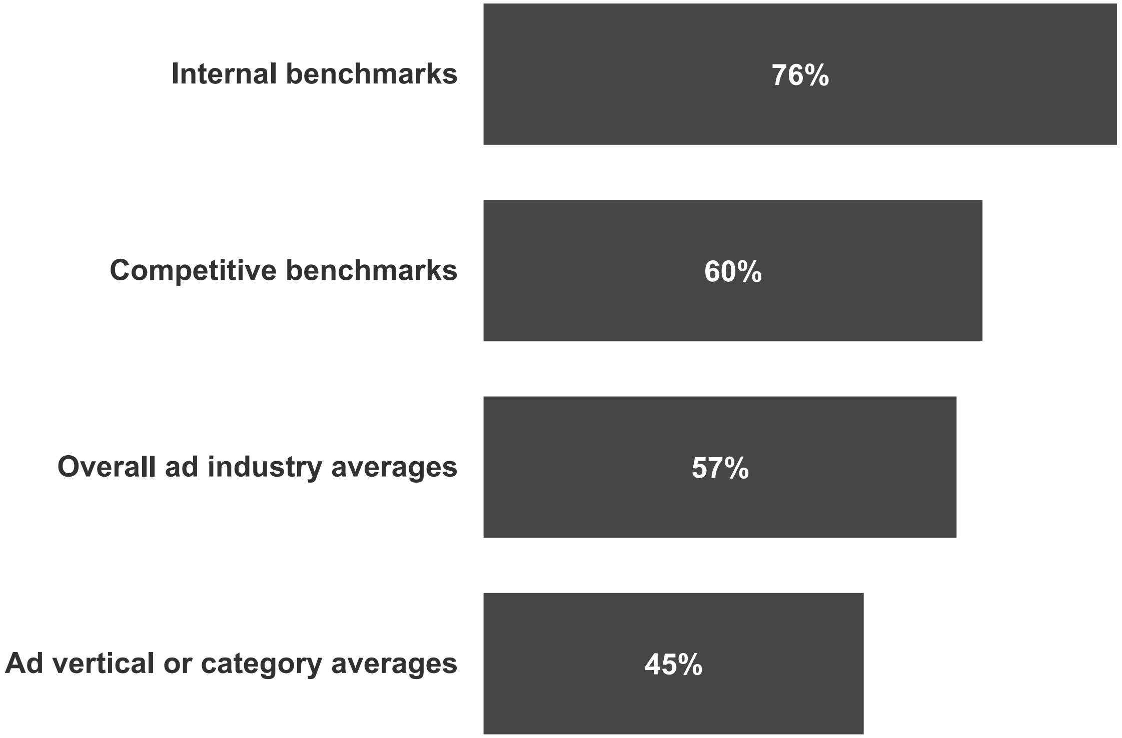
More buyers rely on Internal Benchmarks for gauging video campaign success

…Rather than measuring against competitor, industry standards, or by-vertical averages

Usage of Benchmarks to Measure Video Campaign Success



Benchmarks Used



Q240: Are you using/establishing benchmarks in order to compare and measure the success of your [company's/clients'] video ad campaigns in the [ASSIGNED MARKET SECTOR]? Base: Total Respondents
Q245: Which benchmarks do you use to help measure the success of your [company's/client's] video ad campaigns in the [ASSIGNED MARKET SECTOR]? Base: Benchmark Users

TV and DIGITAL VIDEO CONVERGENCE

Convergence: being able to plan, buy, and measure video across platforms

Unified Planning and Delivery

Consolidation of Media Buys

Merging Platforms

Better Data

Same Content Across Screens

Blurred Lines

Better Targeting

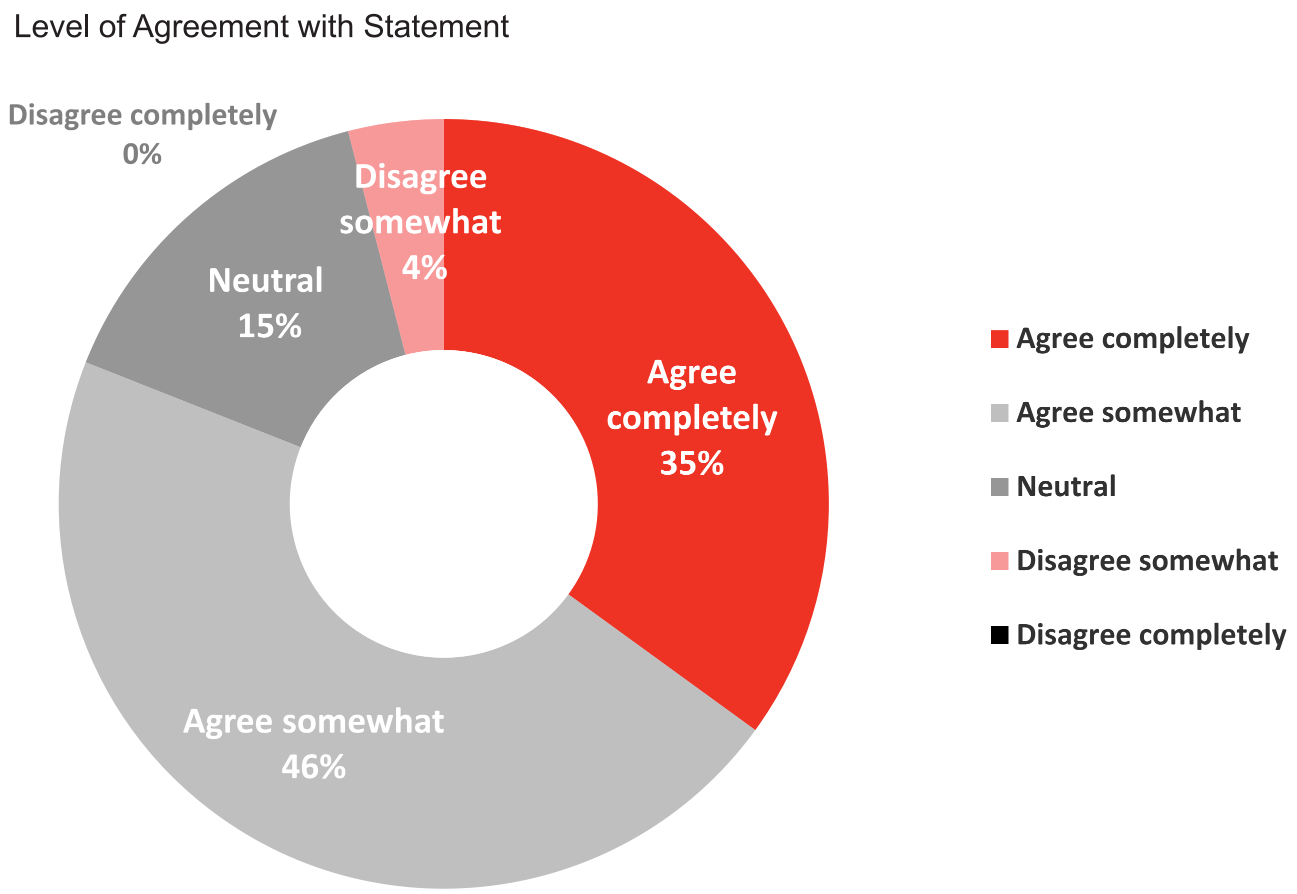
Common Measurement

Impression Based Buying

Q255: There's been a lot of industry news/conversation about TV and digital video "convergence." In your own words, what does TV and digital video convergence mean?
Base: Total Respondents. *See accompanying file of open ends for full listing of verbatim responses.*

81% of Buyers believe video buying convergence will be good for the industry

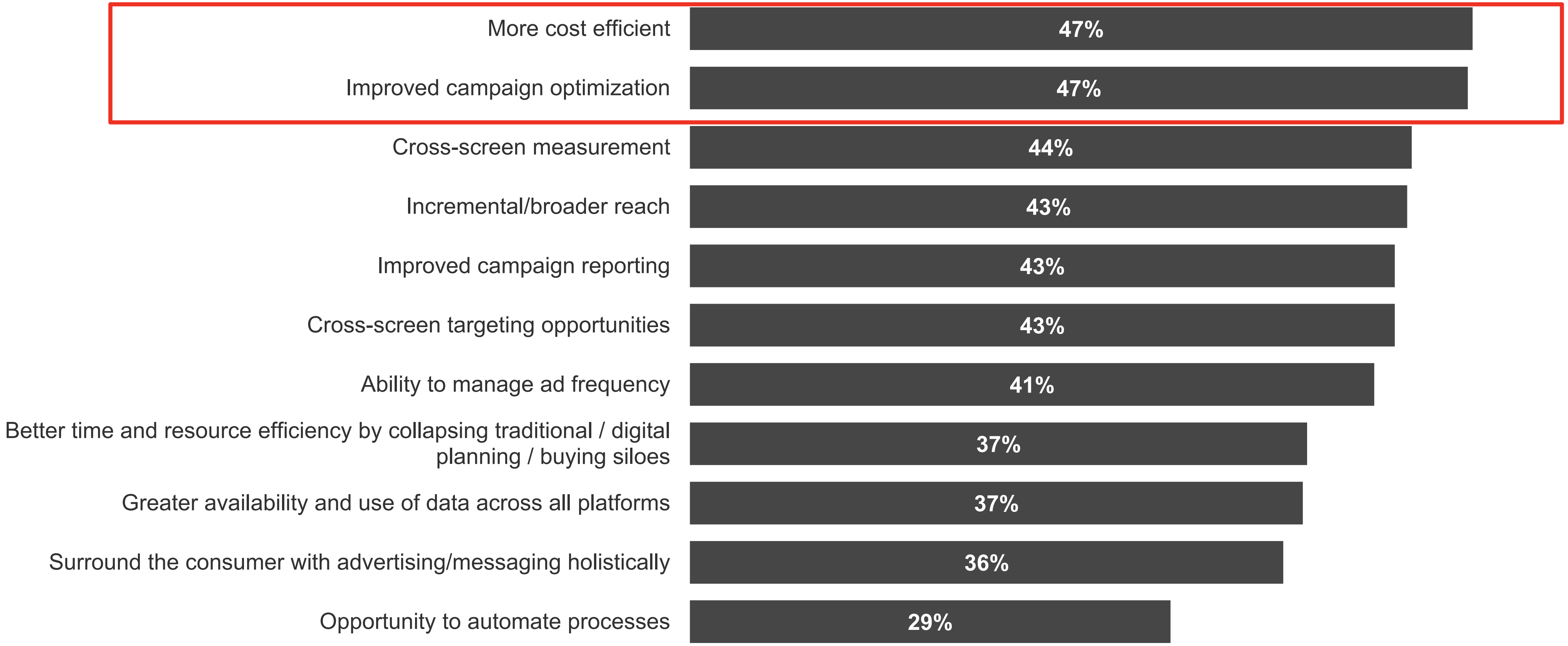
"TV and digital video buying convergence is good for advertisers."



Q260: For the purposes of this study we are defining TV and digital video convergence as the trend of planning and buying video across screens and platforms holistically.
How much do you agree or disagree with the following statement?
Base: Total Respondents

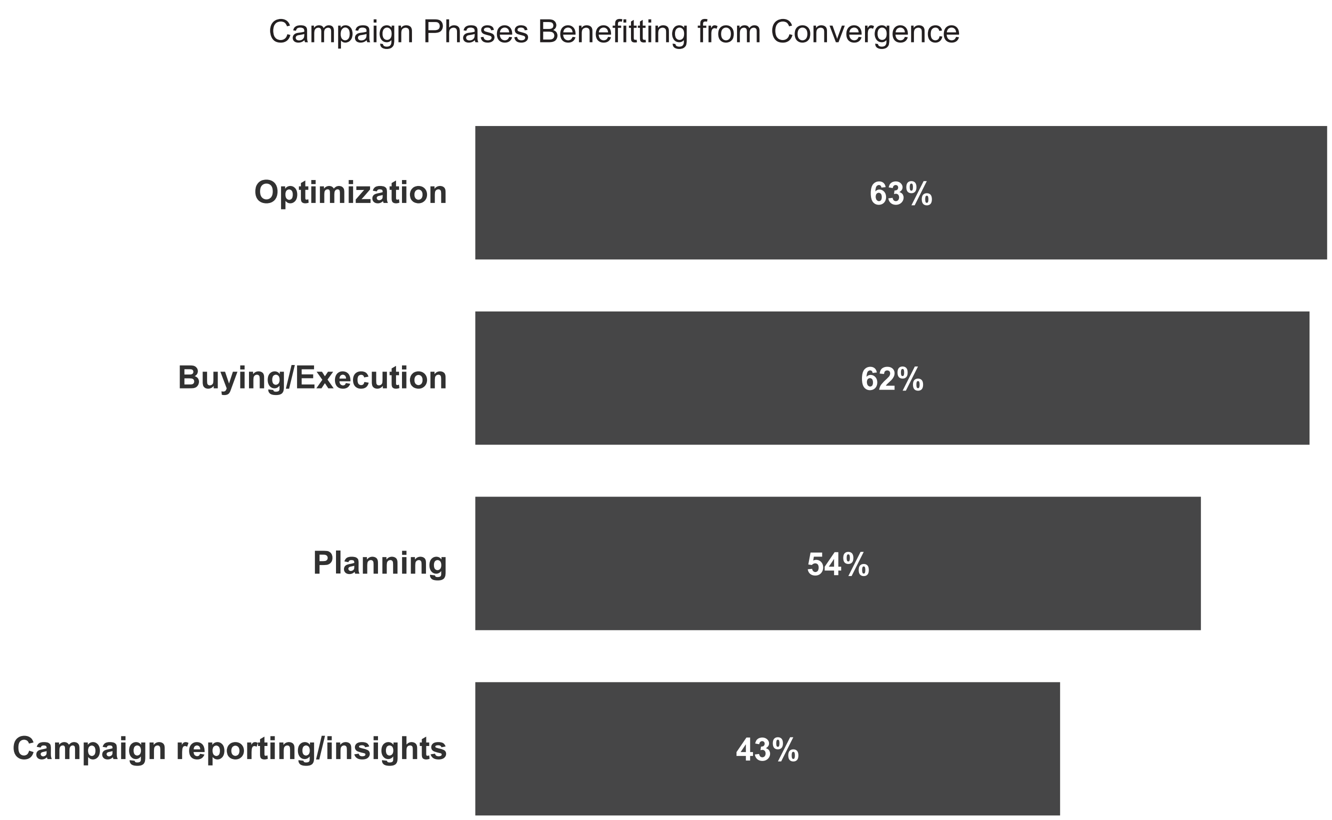
Cost concerns and Campaign Optimization are the top benefits of convergence

Benefits of TV and Digital Video Convergence



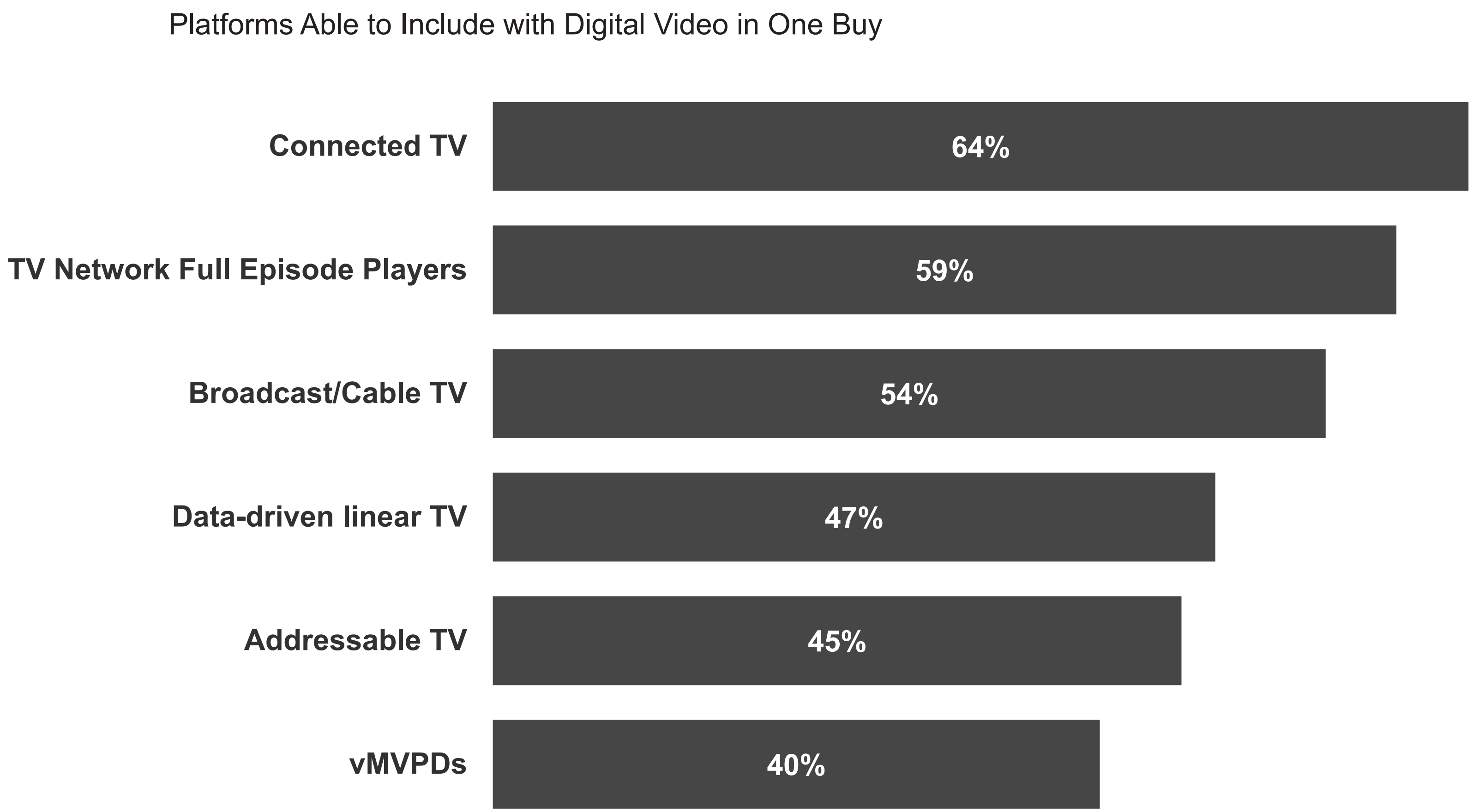
Q265: What are the benefits, if any, of TV and digital video convergence?
Base: Total Respondents

Buyers expect every part of the campaign process will benefit from convergence



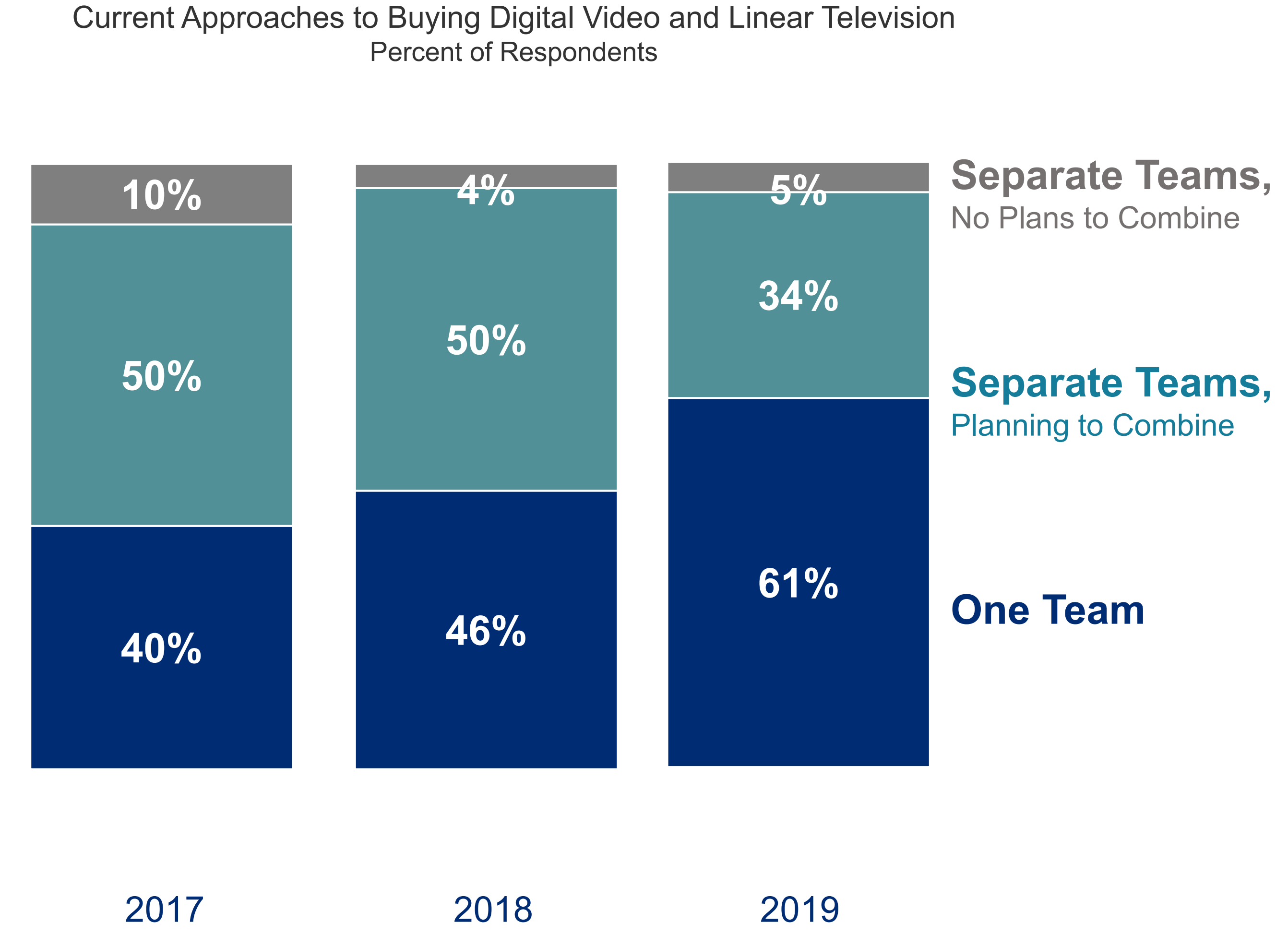
Q275: In your opinion which of the following advertising phases would benefit the most from TV and digital video convergence?
Base: Total Respondents

Currently, CTV is the leading investment in converged Digital Video buys



Q290: Which of the following platforms are you currently able to include with your digital video buys (in one single buy)?
Base: Total Respondents

Although convergence is still evolving, nearly 2/3 of buying teams have combined



95% are buying (or planning to buy) with one team

Source: Advertiser Perceptions 2019 Video Ad Convergence Study
Q130. You mentioned using both digital video and linear TV for advertising purposes. How are digital video and linear television advertising typically purchased at your [company/agency]?
Base: Use Both Digital Video and Linear TV

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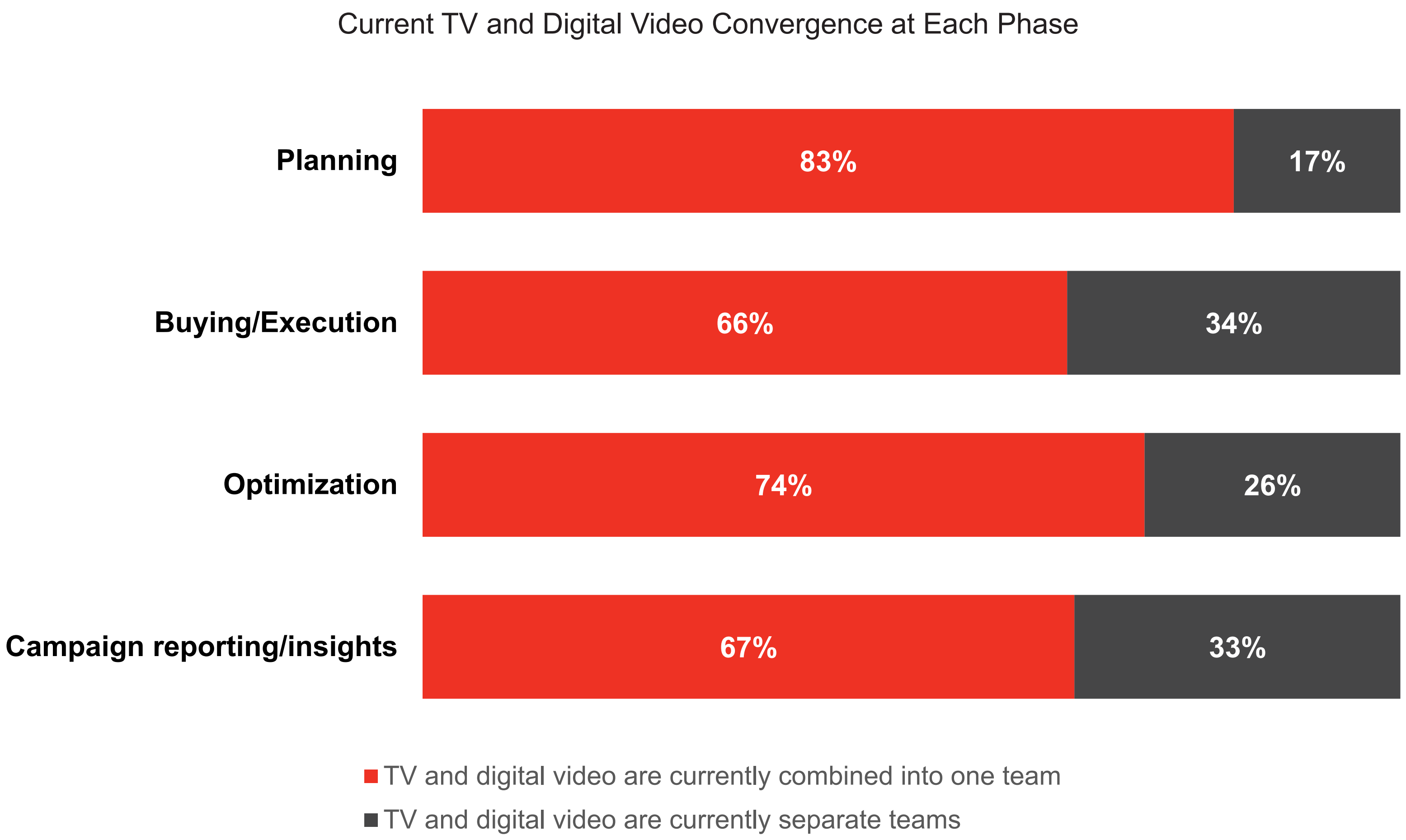
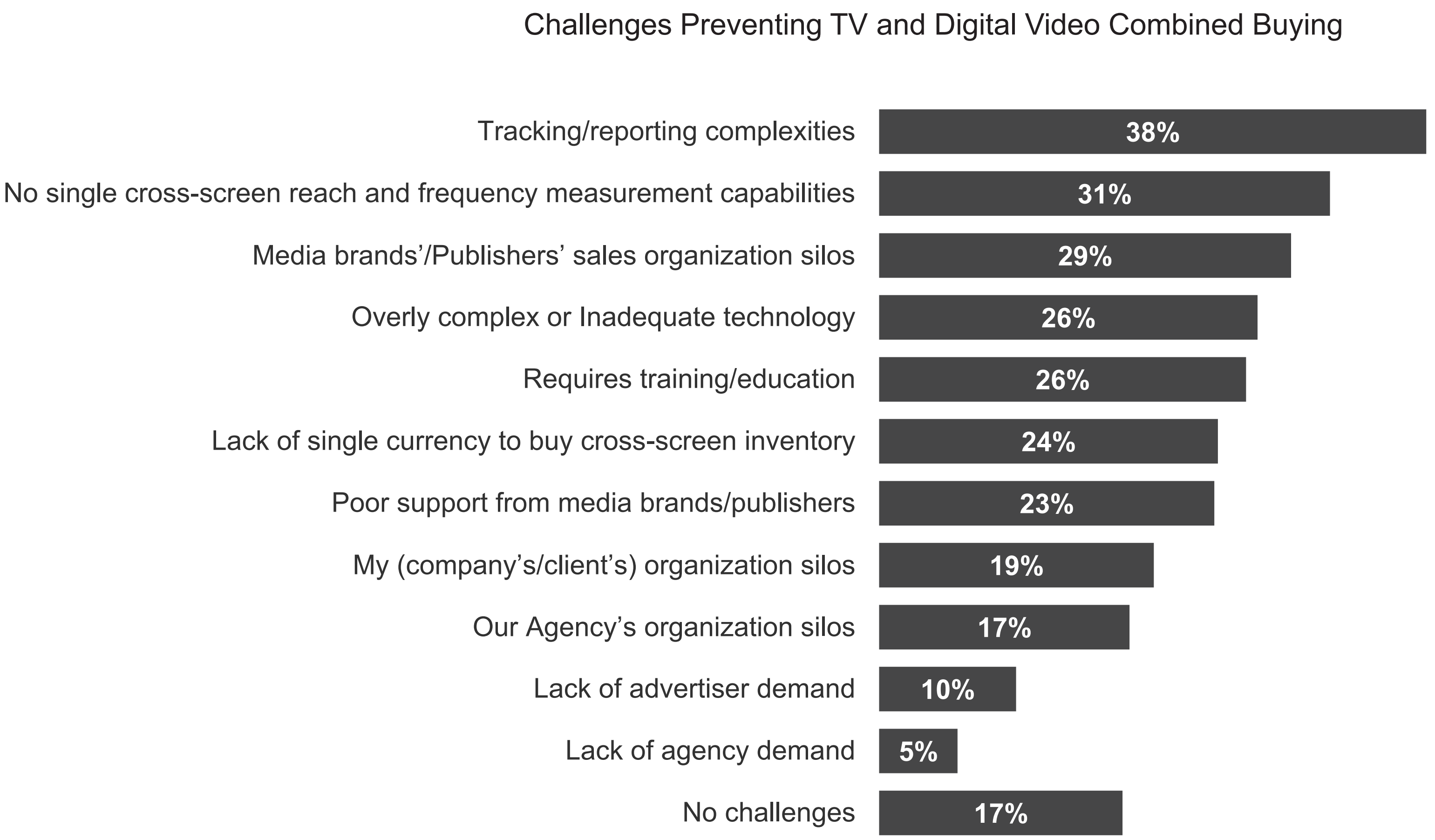
And the vast majority of Planning has converged



Q280:You mentioned using both digital video and Broadcast/Cable TV for advertising. Please indicate your (company's/agency's) organizational structure at each advertising phase.
Base: Use Both Digital Video and Broadcast/Cable TV

But many challenges remain for full video buying convergence



Q270: In your opinion what are the biggest challenges, if any, preventing wider adoption of converged/combined TV and digital video buying? (Select top 3)
Base: Total Respondents

Glossary

Glossary

- **Addressable TV:** Households viewing same linear or VOD show see different ads. Addressable household data informs audience segmented buys.
- **Advanced TV:** Includes Addressable TV, Data-Driven Linear TV, etc.
- **Broadcast/Cable TV:** Traditional linear TV. Households viewing the same shows see the same ad.
- **Broadcast/Cable TV Network Full Episode Players:** TV content with commercial breaks via browsers and apps.
- **Connected TV (CTV):** Households viewing same show see different ads. CTV device data and streaming service data informs audience buy. Ad supported video on demand including Hulu, The Roku Channel, Tubi, etc.
- **Data-Driven Linear TV:** Households viewing the same linear show see same ad. Advertisers buy specific programs based on viewing data.

Glossary, cont.

- **Interactive Video Ads:** A type of digital video creative that can take user input to perform some enhanced actions through elements integrated above and beyond the standard video playback controls (i.e., play, pause, rewind, and mute). These interactions can include varied calls to actions, forms, polls/surveys, links, chapter menus and hot-spots that may affect story progression of the video content and/or drill down on specific parts of the content itself. The goal of the creative is to give the user various options to engage with the message beyond viewing the video.
- **Picture in Picture/Overlay:** Brand overlays in live streamed content.
- **Shoppable Video Ads:** An ad that allows users to scroll through product selections/buy within the ad itself.
- **Social Video Story Ads:** A brand-created longer form video that disappears after 24 hours.
- **Vertical Video Ads:** Displayed in portrait mode but can be shot in portrait/landscape mode, i.e., skinny and tall vide (9:16 aspect ratio), rather than widescreen format (16.9 aspect ratio) normalized by movies and television. These types of video ads are mostly displayed in mobile devices as they have the optimal aspect ratio to fill the whole screen.
- **vMVPDs:** Live TV via internet including Sling TV, Hulu with Live TV, YouTube TV, etc.

About Us

The Interactive Advertising Bureau empowers the media and marketing industries to thrive in the digital economy. Its membership is comprised of more than 650 leading media companies, brands, and the technology firms responsible for selling, delivering, and optimizing digital ad 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, IAB develops technical standards and solutions. IAB is 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., the trade association advocates for its members and promotes the value of the interactive advertising industry to legislators and policymakers. Founded in 1996, IAB is headquartered in New York City.

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Advertiser Perceptions is the global leader in research-based business intelligence for the advertising , marketing , and ad technology industries. Our expert staff delivers an unbiased, research-based view of the advertising market with analysis and solutions tailored to our client's specific KPIs and business objectives. These insights provide our clients with the confidence to make the very best organizational, sales and/or marketing decisions, driving greater revenue and increased client satisfaction.

Thank you!

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