

Video Ad Spend 2020 & Outlook for 2021

May 2021

Conducted by:



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Note: In this report, unless otherwise noted, Video refers to all premium ad-supported video: TV Linear (Broadcast/Cable), as well as Connected TV (CTV), and Digital Video on Internet only.

About This Study

IAB tracks both US advertising revenue (sell-side) and spend (buy-side). The purpose of this study is to understand 2020/2021 video advertising spend, through data collected by Advertiser Perceptions. Online surveys were conducted among 350 video advertising decision makers between March 19th and April 5th, 2021.

Survey questions examined how buyers approach key channels, marketing objectives, creative formats, as well as marketplace trends.

Qualified respondents have decision-making responsibilities for video advertising at agencies or brands, spending a minimum of \$1 million in 10 key industry verticals.

Perspective & Expectations

2020 was a banner year for Digital Video advertising—particularly for Connected TV (CTV). Both increased viewership and the fluidity of Digital Video ad buying and optimization resulted in increased share for media companies in this space.

With consumer optimism on the rise in 2021, we expect Digital Video share of market will continue to climb.

Ad buyer optimism is visible across 2021 Digital Video budget allocations. While, as expected, Mobile growth continued, the at-home lifestyle we've all been experiencing has bolstered both Desktop Video advertising spend and CTV for this year.

Both CTV and Desktop Video are expected to realize double digit increases in year over year budget allocations.

Among key factors combining to release pent-up consumer demand in 2021:

- Widespread COVID-19 vaccinations
- Gradual reopening of the US economy
- Injection of nearly \$2T in government stimulus

The pressure-cooker events of 2020 forced the industry into new degrees of flexibility around campaign messaging, placements, and investments. That flexibility is the new standard operating procedure for 2021 and beyond, which illustrates the need for the sell-side to better deliver real-time optimization capabilities.

While continued growth is occurring across all Digital video, with a movement toward more audience-based approaches to buying driving an increase in buyer demand for CTV.

Perspective & Expectations

The growth of Digital Video share comes at the expense of Traditional TV.

The benefits of Digital Video for brands—including targetability, addressability, incremental reach, and the opportunity to leverage first party data—have made 2021 a sellers’ market. In fact, advertisers report that they expect CTV prices go up in parallel to prices in Linear TV.

Increases in programmatic activation of CTV are also expected to lift prices across the entire market.

Still, there are challenges preventing CTV from achieving the kind of status that Mobile Video enjoys:

- CTV is still perceived as “new”
- CPMs are high relative to other video opportunities
- Buyers rooted in traditional concepts of TV delivery and measurement have slowed adoption of this platform

The impending loss of 3rd party identifiers is expected to further elevate the importance of CTV. The industry must quickly find measurement standards and practices to ensure CTV is more widely adopted by brand marketers.

Executive Summary

2020 Actual Video Advertising Spend:

- CTV saw its highest gains to date in ad spend in 2020, reaching nearly \$20M on average per advertiser
- Categories with the highest CTV spend per advertiser include: Auto, CPG, Furniture/Accessories, and Retail
- Desktop and Mobile Video experienced modest gains in 2020, as well

2021 Budgeted Video Advertising Spend:

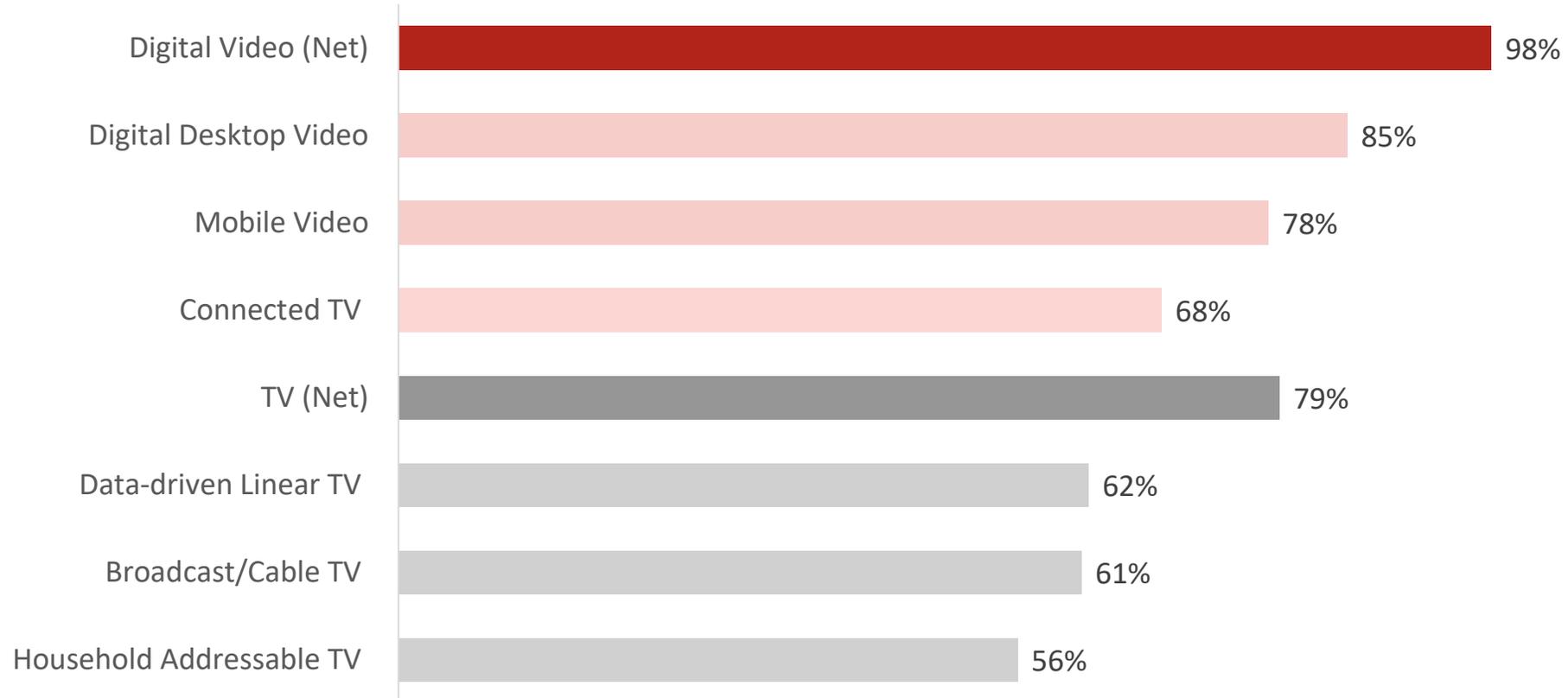
- 56% of Video budgets are allocated to Digital in 2021 (vs. Traditional TV)
- Digital Video is expected to enjoy double digit growth across all channels in 2021
- Buyers are investing in CTV in 2021 to reboot select verticals: Finance, Health/Wellness, Media & Entertainment, Telecom, and Travel
- Overall message Video buyers have for publishers: get your first-party data offering in order; as more than half of them anticipate increased use of first-party data to combat privacy issues
- Challenges of CTV cited by Video buyers include high CPMs and ability to drive mass reach
- Video buyers say they would increase CTV spend if co-viewing was measurable



I. Recap: Video in 2020

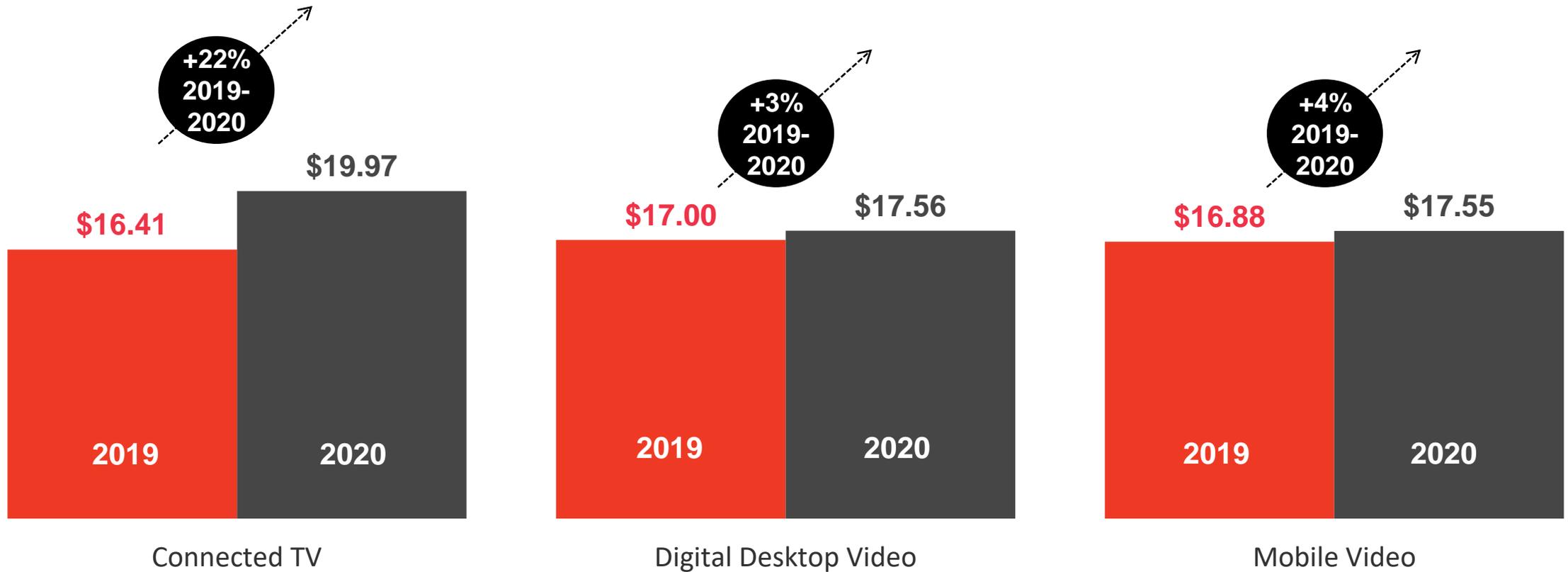
Digital video is ubiquitous and democratizes access to marketers large and small

Advertising Media Used In 2020



CTV saw biggest gains in 2020, with 22% growth YoY

Average Video Ad Spending Per Advertiser – 2020 vs. 2019
(Total market sectors – In millions)



Buyers cite targeting, quality content and brand safety as the key benefits of CTV

61%

of advertisers rated CTV highly on offering
“Premium/High Quality Content”

60%

of advertisers rated CTV highly on providing a
“Trusted, Brand Safe Environment”

46%

of advertisers cite
“Targeting” as a key benefit of CTV

2020 CTV spending increases driven by Auto, CPG, Furniture/Appliances, and Retail

2020 Average Spend per Advertiser (% Change from 2019)	Connected TV	Digital Desktop Video	Mobile Video
TOTAL	\$19.9M +22%	\$17.6M +3%	\$17.6M +4%
 AUTO	\$33.7M +59%	\$26.2M +33%	\$20.1M +17%
 CPG	\$27.3M +87%	\$18.9M +1%	\$22.9M -4%
 FASHION/ APPAREL	\$17.9M -5%	\$14.9M -2%	\$9.4M -27%
 FINANCE	\$18.1M -6%	\$25.9M +33%	\$19.5M -20%
 FURNITURE/ APPLIANCE	\$28.9M +105%	\$17.2M +24%	\$21.3M +33%

Categories with the largest growth in Digital Video across types in 2020 clearly reflect the pandemic-caused stay-at-home lifestyle.

CTV experienced great gains for these same categories, indicating demand for more audience-based buying approaches

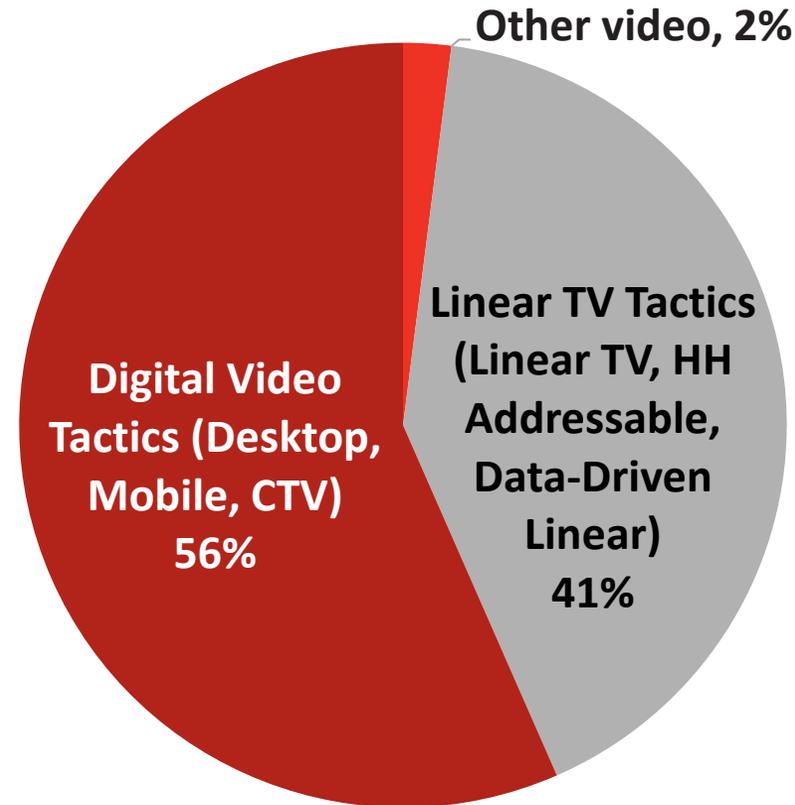
	Connected TV	Digital Desktop Video	Mobile Video
TOTAL	\$19.9M +22%	\$17.6M +3%	\$17.6M +4%
 HEALTH/ WELLNESS	\$9.6M -40%	\$12.2M -25%	\$9.2M -32%
 MEDIA & ENTERTAINMENT	\$18.9M -2%	\$18.4M -17%	\$23.6M +32%
 RETAIL	\$21.5M +99%	\$16.2M -12%	\$21.7M +8%
 TELECOM	\$9.1M -40%	\$7.5M -38%	\$10.5M -12%
 TRAVEL	\$8.8M -42%	\$15.8M +2%	\$18.7M +19%



II. Video Estimates & Expectations for 2021

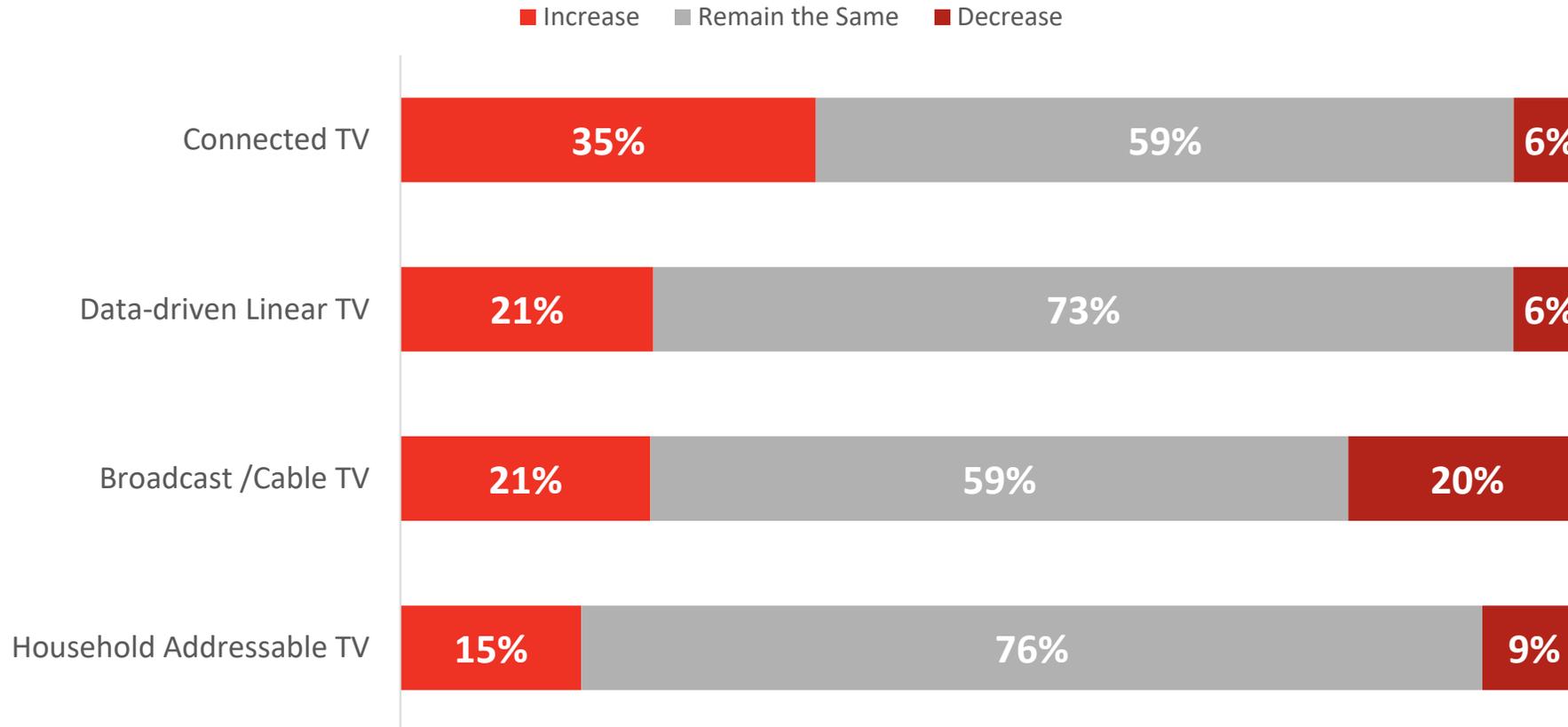
More than half of 2021 Video budgets are allocated to Digital

2021 Budget Allocations By Media Type
(Average % of total video advertising)



Connected TV is expected to show the strongest Video growth in 2021

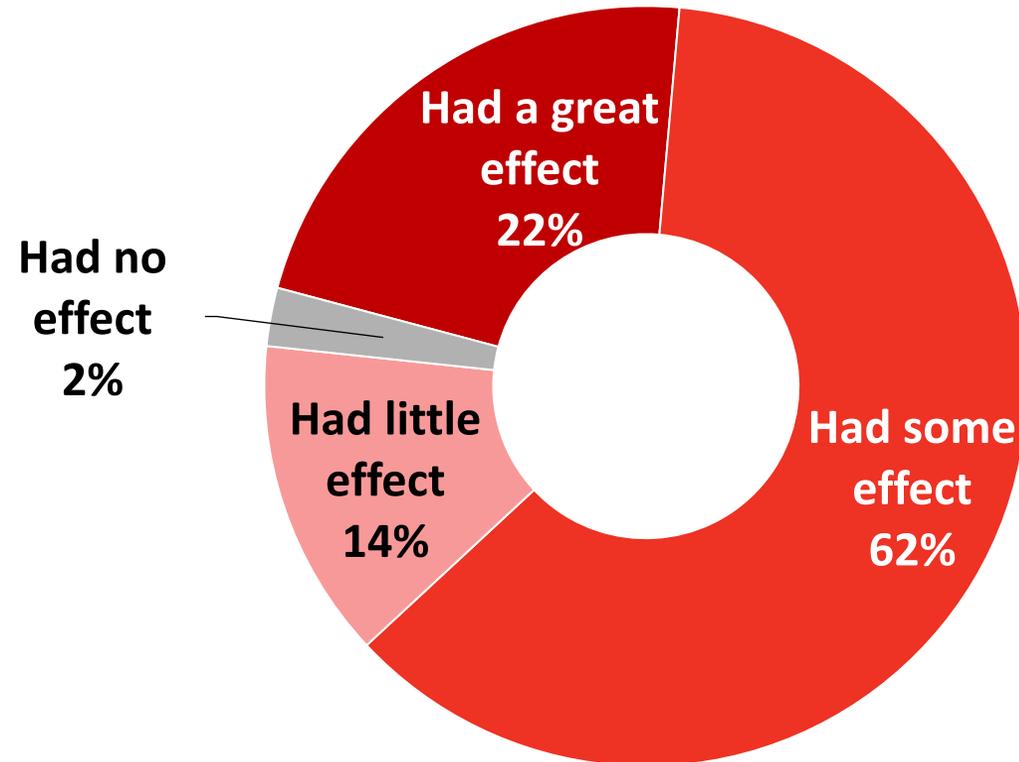
Change In 2021 Connected TV Budget Allocations By Provider Type
(Vs. 2020 ad spending – Sorted by increase)



Changes to digital identifiers are driving increases in CTV spending

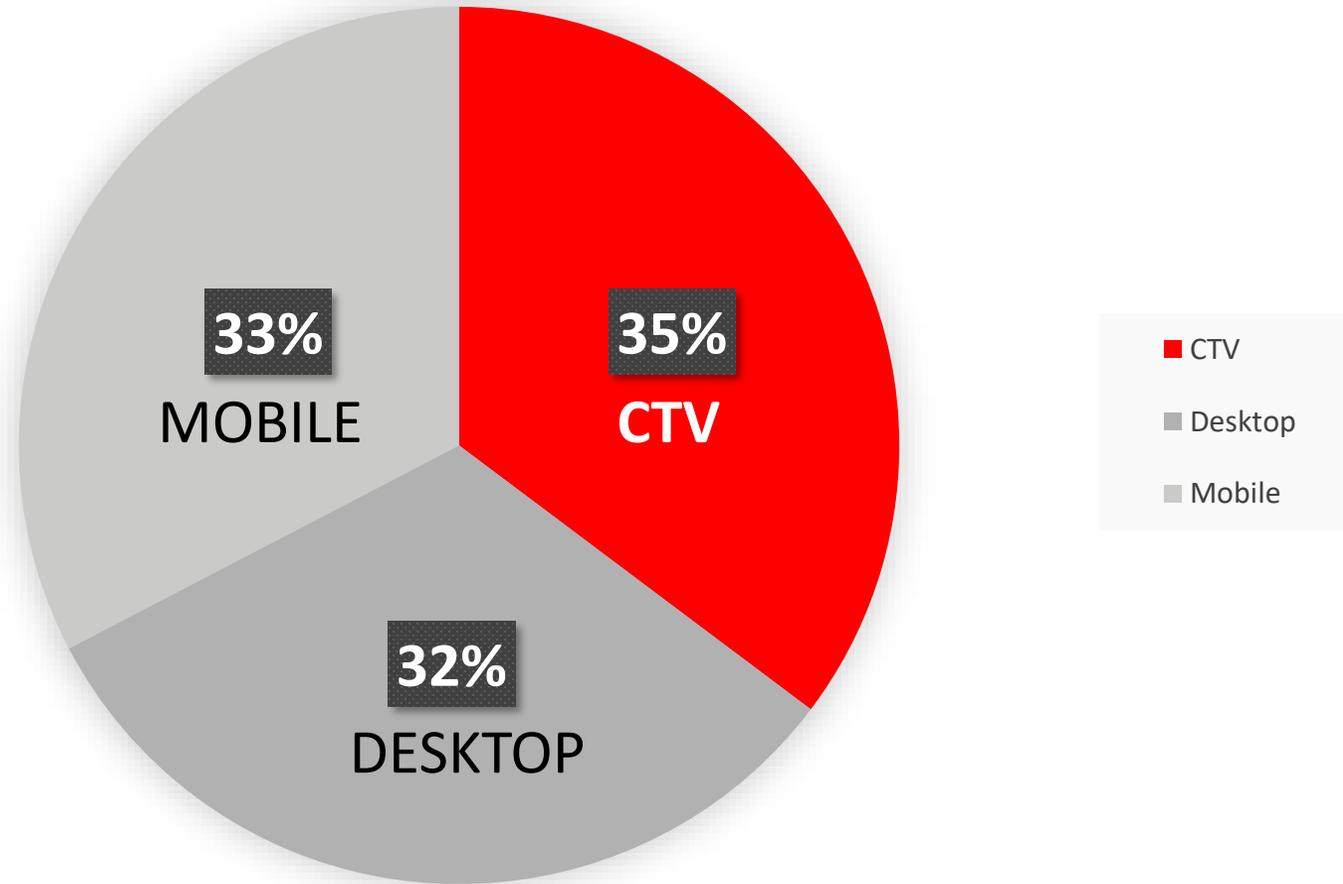
Impact of Deprecation of Cookies and Mobile Ad Ids on Increased CTV Spend

(Among those increasing TV Everywhere, Pure Play Streaming or vMVPDs Spend in 2021)



CTV expected to grab largest share of Digital Video in 2021

2021 Projected Percent Share of Digital Video



Buyers rank Desktop/Mobile Video as #1 for pricing and clarity of measurement

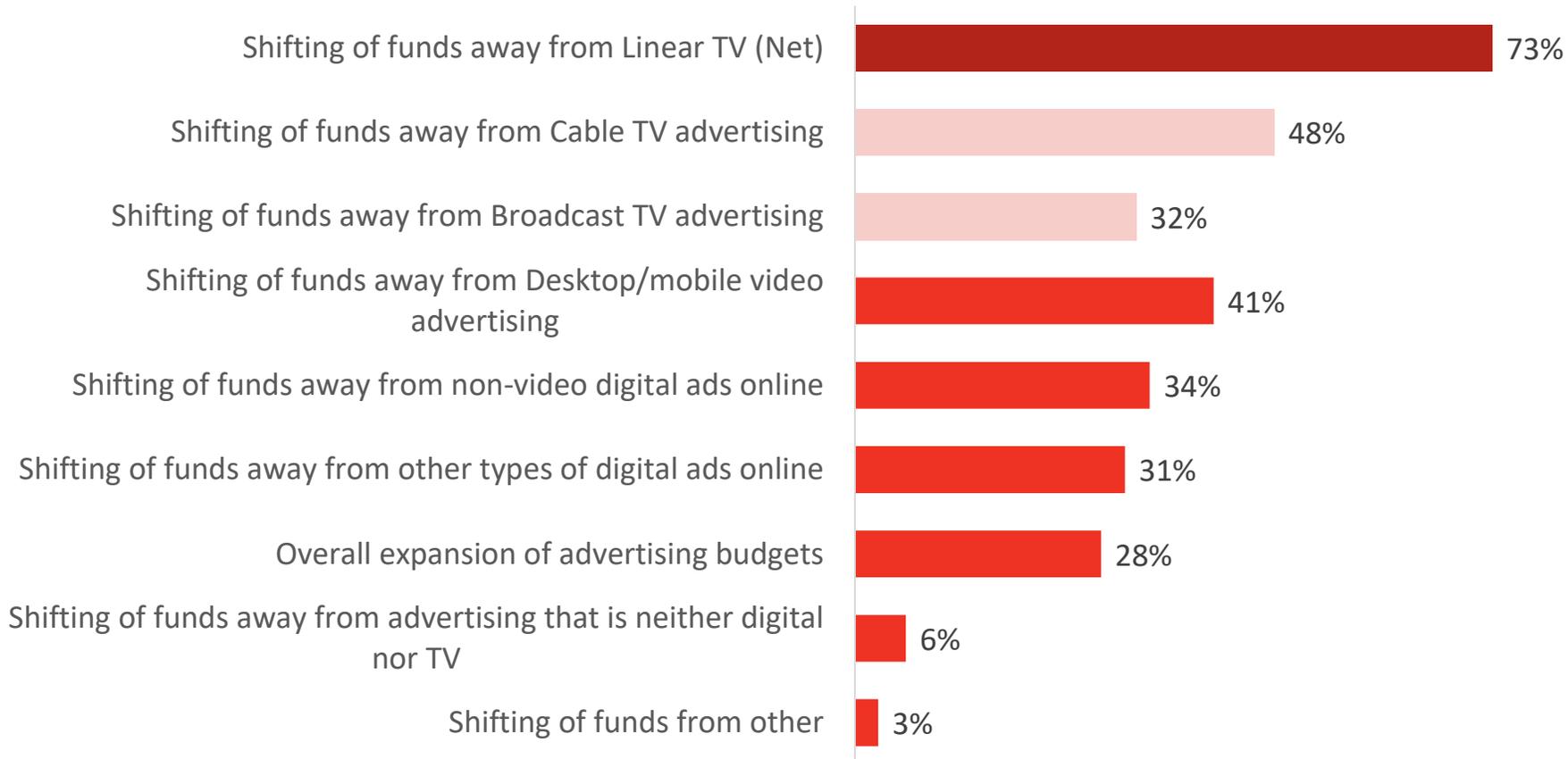
Has Competitive Pricing	
	Rank
Desktop/Mobile Video	#1
Cable/Broadcast TV	#2
Connected TV	#3
Household/Addressable & Data Driven Linear TV	#4

Clear Measurement that Proves ROI	
	Rank
Desktop/Mobile Video	#1
Connected TV	#2
Household/Addressable & Data Driven Linear TV	#3
Cable/Broadcast TV	#4

As in 2020, CTV buyers are continuing to shift dollars from Linear TV this year

Source Of Connected TV Budget Increase

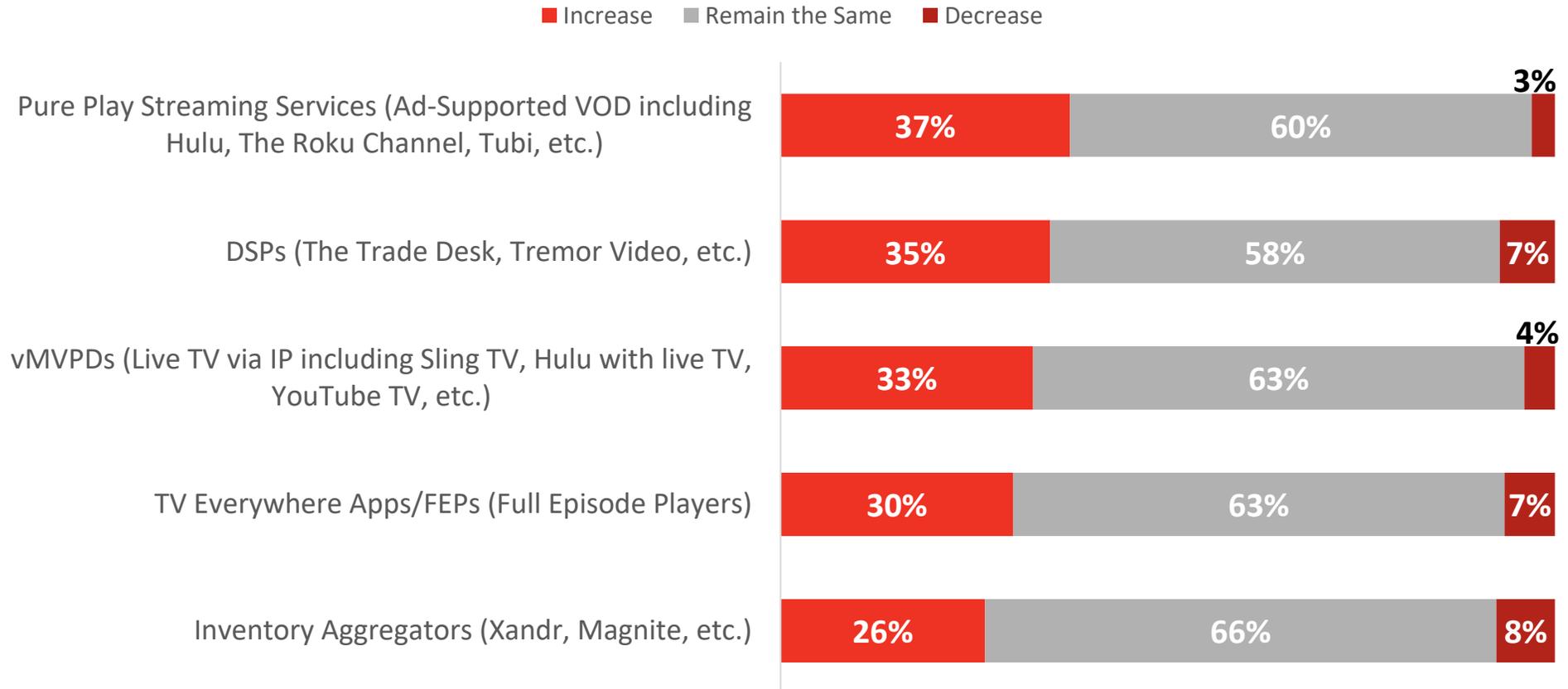
(Among those increasing Connected TV spend)



To view 2020's report please see: [IAB U.S. 2020 Digital Video Advertising Spend Report: Putting COVID in Context](#)

More than 1/3 of CTV buyers are increasing budget share to pure play and DSPs

Change In 2021 Connected TV Budget Allocations By Provider Type
(Vs. 2020 ad spending – Sorted by increase)



Buyers are investing in CTV in 2021 to reboot select verticals

2021 Average Spend per Advertiser (est.) (% Change from 2020)		Connected TV	Digital Desktop Video	Mobile Video
	AUTO	\$27.2M -19%	\$25.7M -2%	\$25.7M +5%
	CPG	\$23.8M -13%	\$22.3M +18%	\$20.4M +13%
	FASHION/ APPAREL	\$15.1M -16%	\$22.0M +48%	\$17.0M +81%
	FINANCE	\$35.7M +97%	\$27.9M +8%	\$25.3M -31%
	FURNITURE/ APPLIANCES	\$19.8M -31%	\$16.4M -4%	\$14.6M -31%

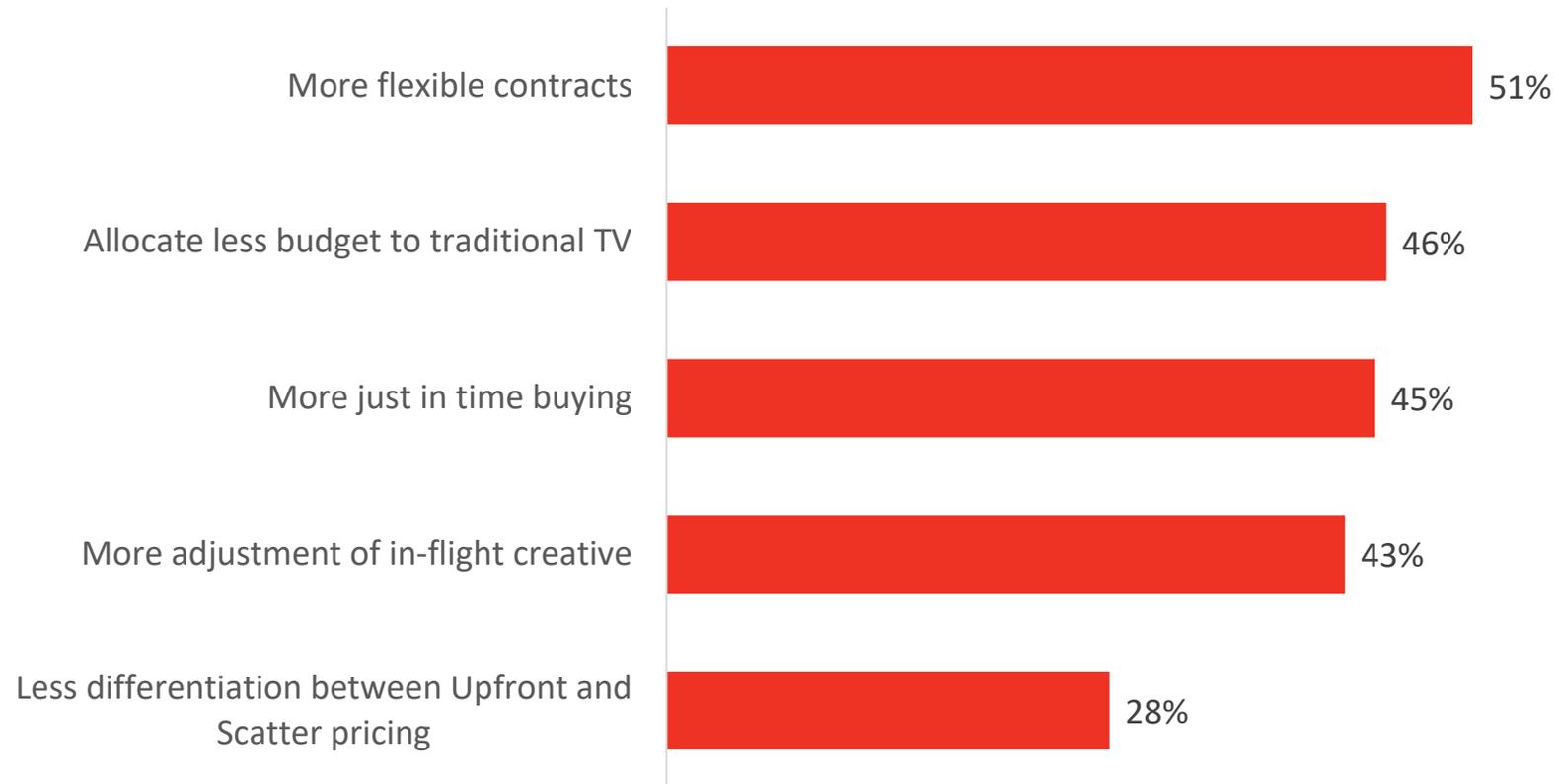
Categories with the largest growth in CTV in 2021 indicate both buyer optimism as well as their demand for more audience-based buying approaches: Finance, Health/Wellness, Media & Entertainment, Telecom, and Travel.

Fashion/Apparel and Health/Wellness are both expected to see impressive gains in 2021 Mobile Video as the US economy bounces back.

		Connected TV	Digital Desktop Video	Mobile Video
	HEALTH/ WELLNESS	\$23.5M +144%	\$17.9M +46%	\$25.9M +181%
	MEDIA & ENTERTAINMENT	\$28.0M +48%	\$24.8M +35%	\$21.4M -9%
	RETAIL	\$24.2M +13%	\$19.7M +21%	\$27.3M +26%
	TELECOM	\$15.6M +71%	\$10.6M +42%	\$12.7M +21%
	TRAVEL	\$16.9M +92%	\$21.9M -21%	\$23.4M +25%

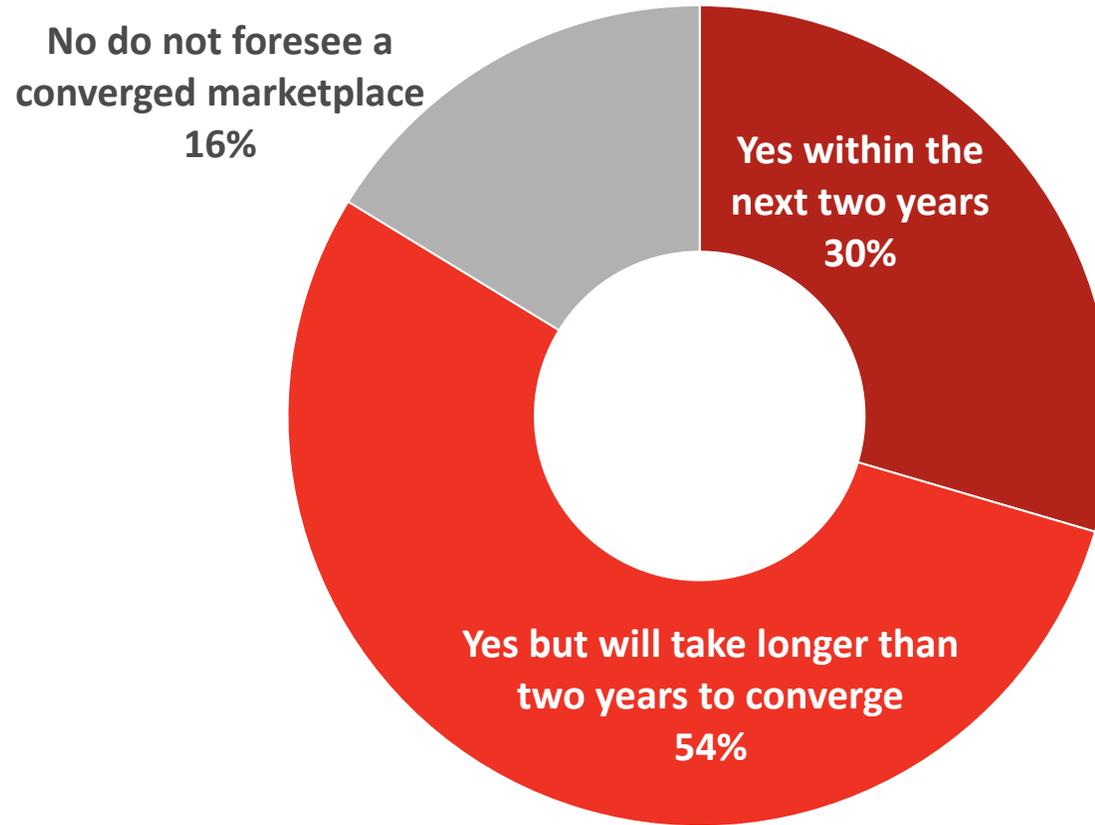
Video contract flexibility remains table stakes for buyers

Pandemic Related Video Advertising Planning And Buying Changes Advertisers Expect To Continue



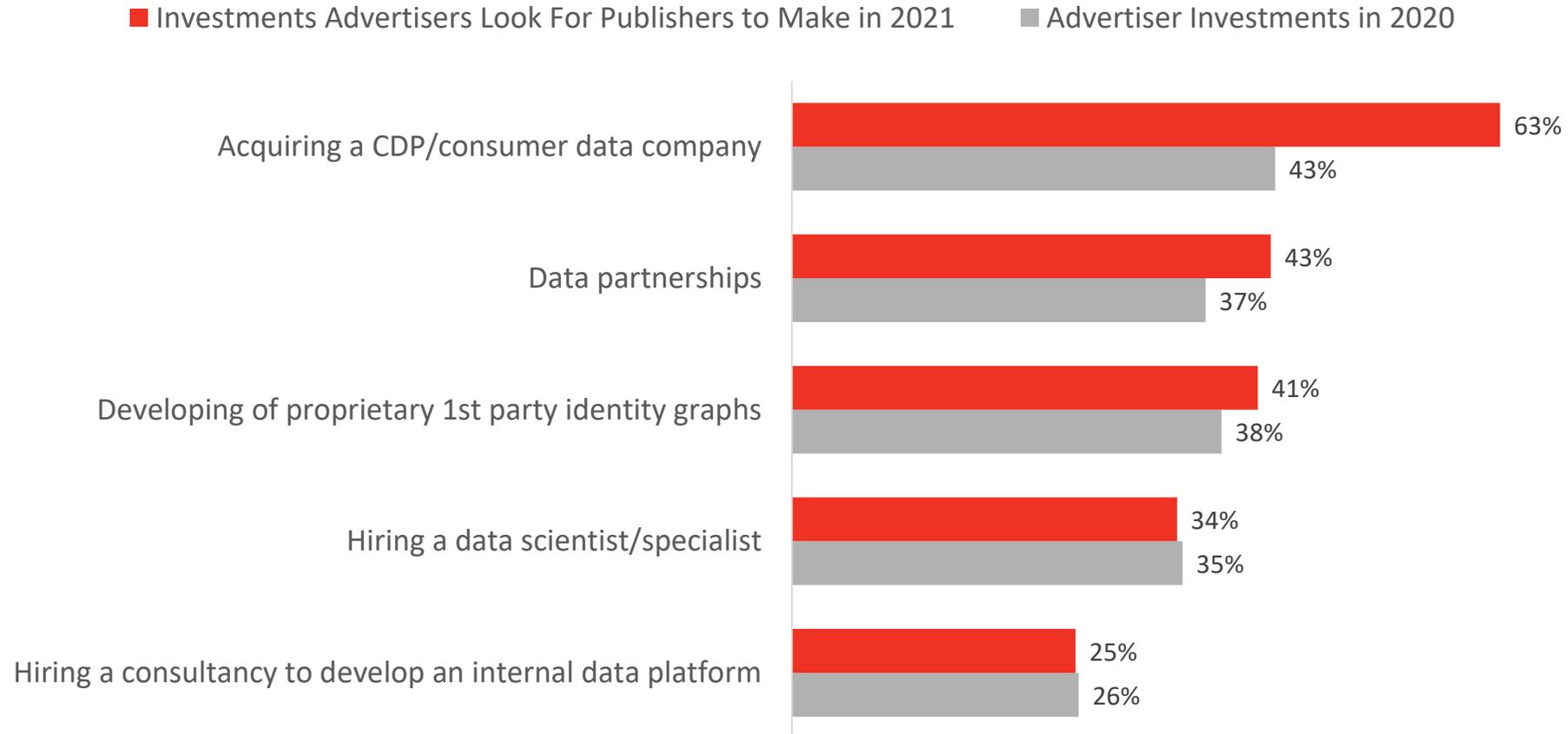
84% of buyers expect to see a converged Video marketplace in the coming years

Likelihood Of A Single Converged Marketplace For Reserve-Based Buying Of Linear TV, Addressable TV And Connected TV



Nearly 2/3 of buyers are leaning on publishers for consumer data this year

Data Investments



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III. First-Party Data Drives Partner Choices

First-party data is a key Video focus for ad buyers in 2021

77%

of advertisers indicate that **“Robust First-Party Data”** is important in choice of digital video partners

42%

of advertisers intend to use ad formats that **“focus on first-party data and DTC engagement in 2021”**

28%

of advertisers cite **“Leveraging First-Party Data”** is a key benefit of CTV Advertising

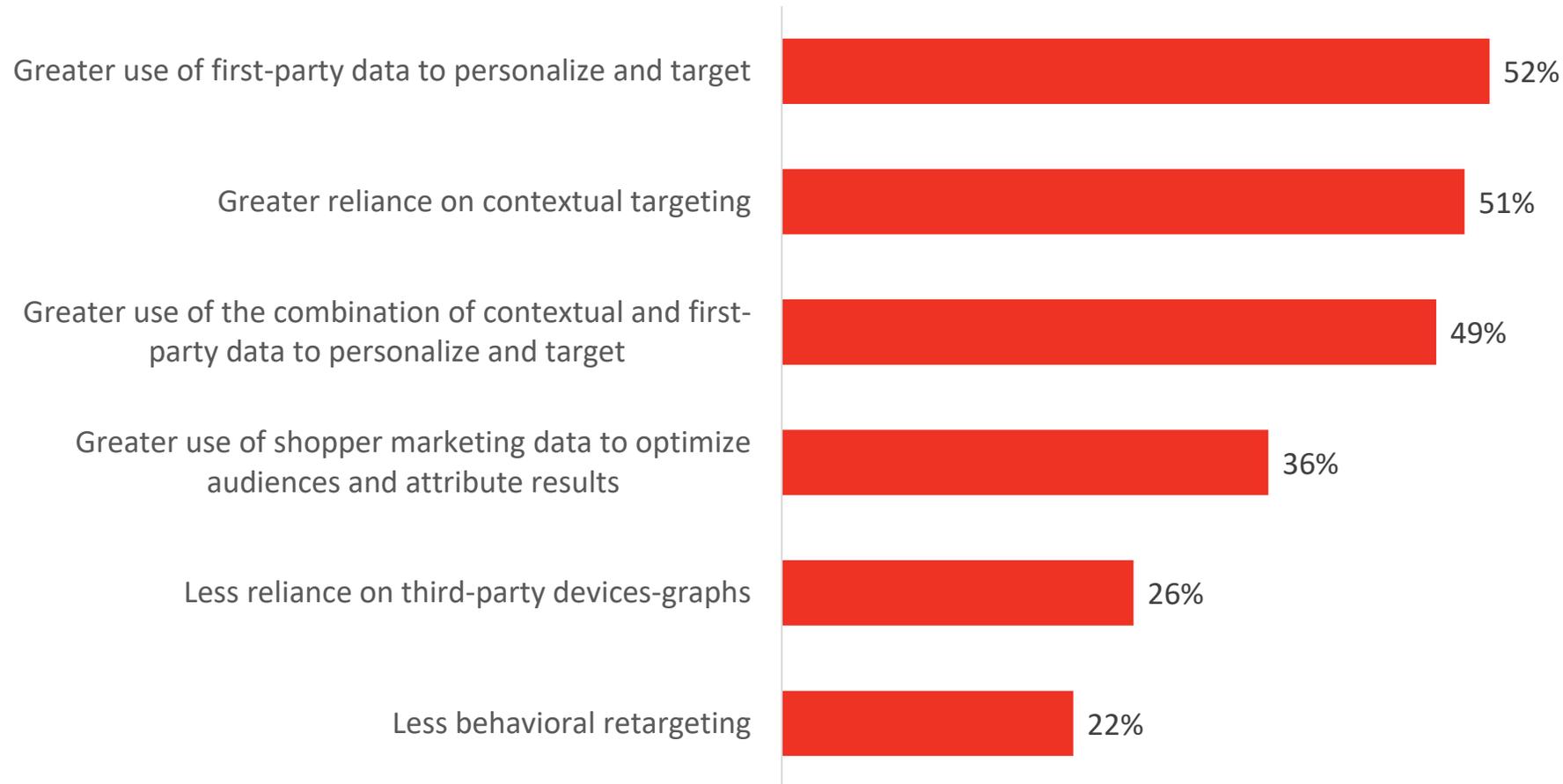
Nearly 2/3 of audience-based CTV buyers are leaning into first-party data

Audience-Based Buying Data Sources For Connected TV



More than half of buyers will increase use of first-party data to combat privacy issues

Strategies Using To Manage Concerns for Privacy Regulations



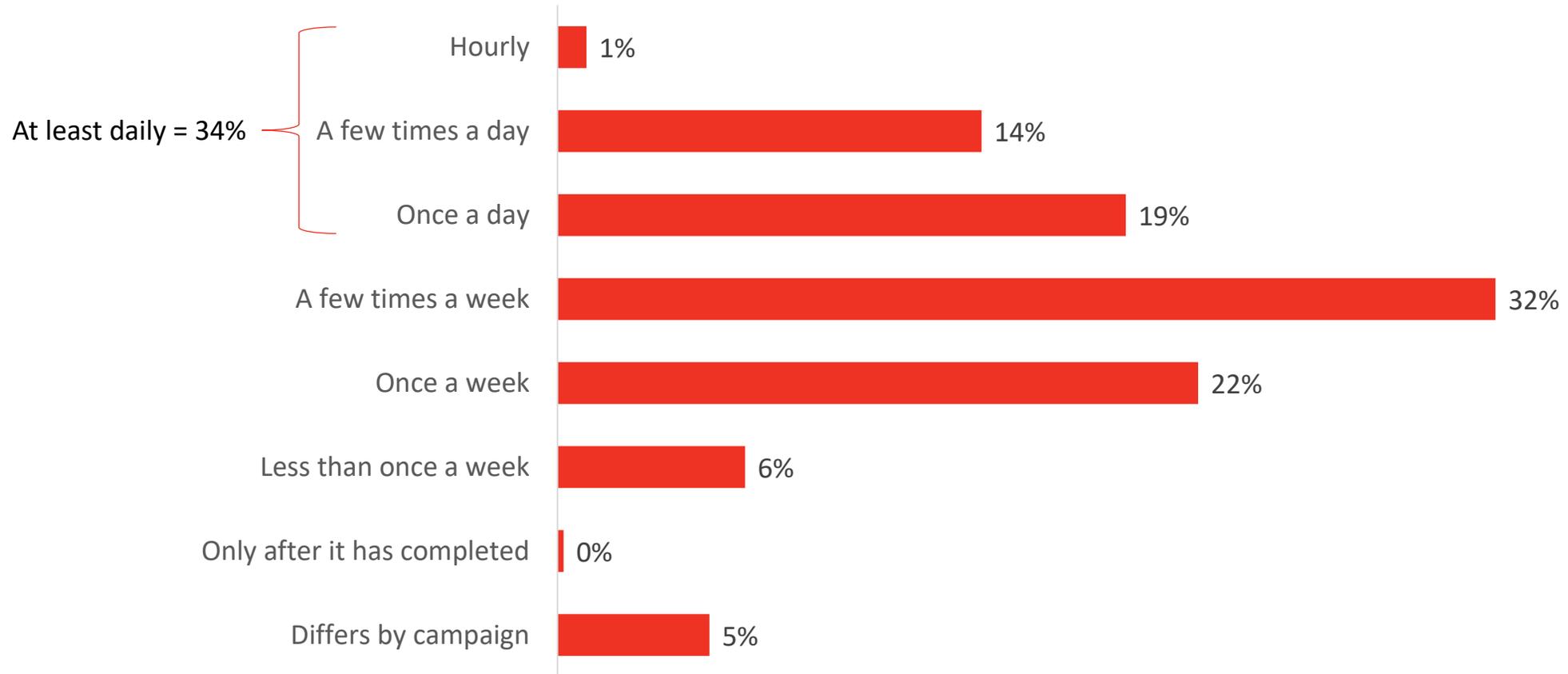
For a deeper dive into how you can prepare for the loss of third-party cookies and identifiers, please see: [IAB State of Data 2021 Report](#)



IV. Digital Video Industry Measurement

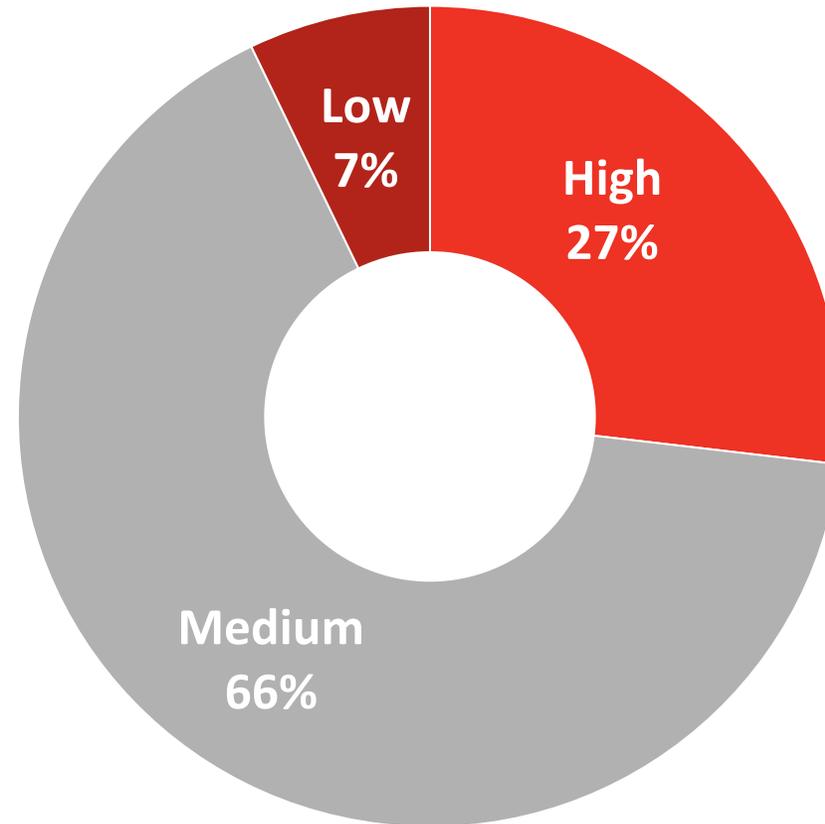
34% of buyers are looking at KPIs daily due to the need for real-time optimization

Average Frequency Of Measuring Video Campaign's KPI After Launch



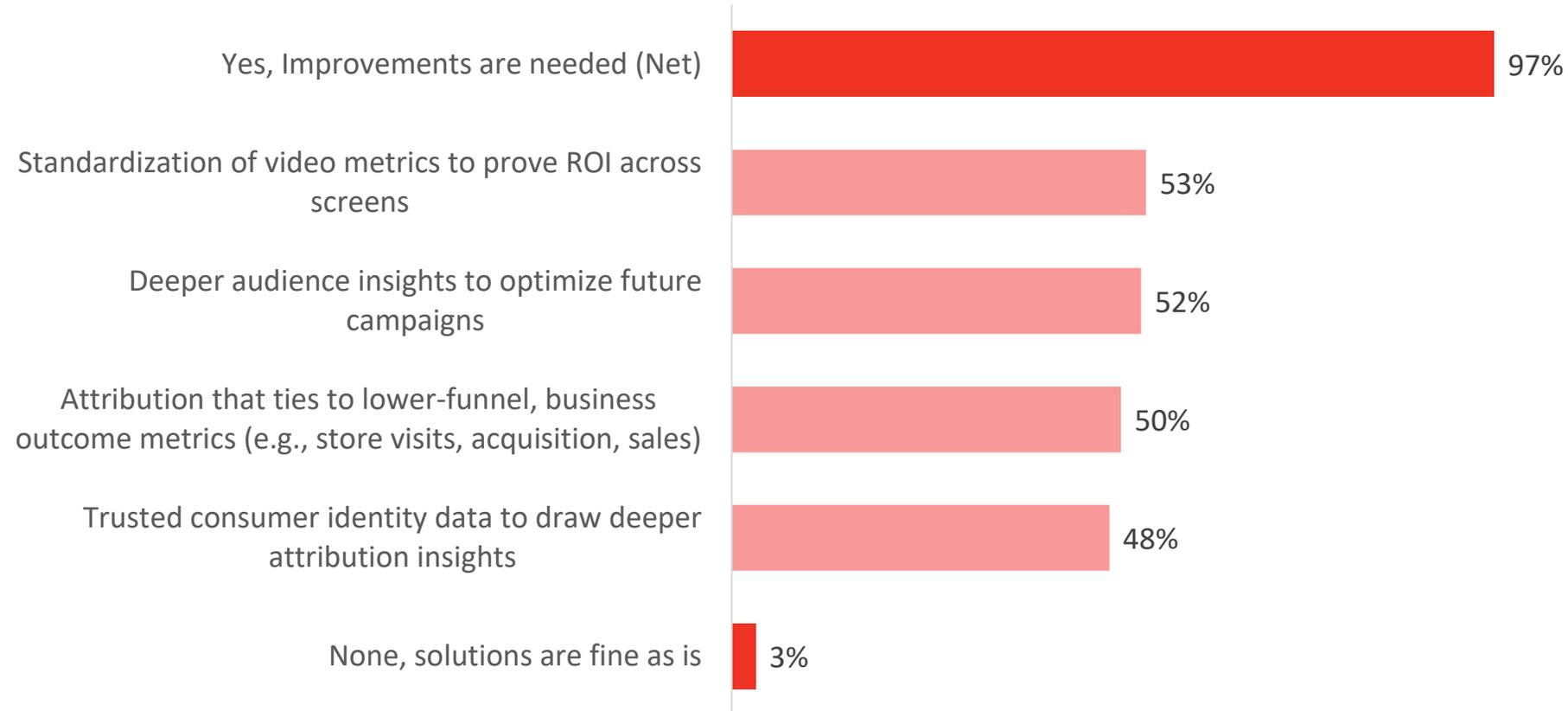
Video buyers report confidence in cross-channel audience results

Level Of Confidence In The Ability To Tie Together Audience Measurement Results From Broadcast/Cable TV With Digital Video
(Among those using both)

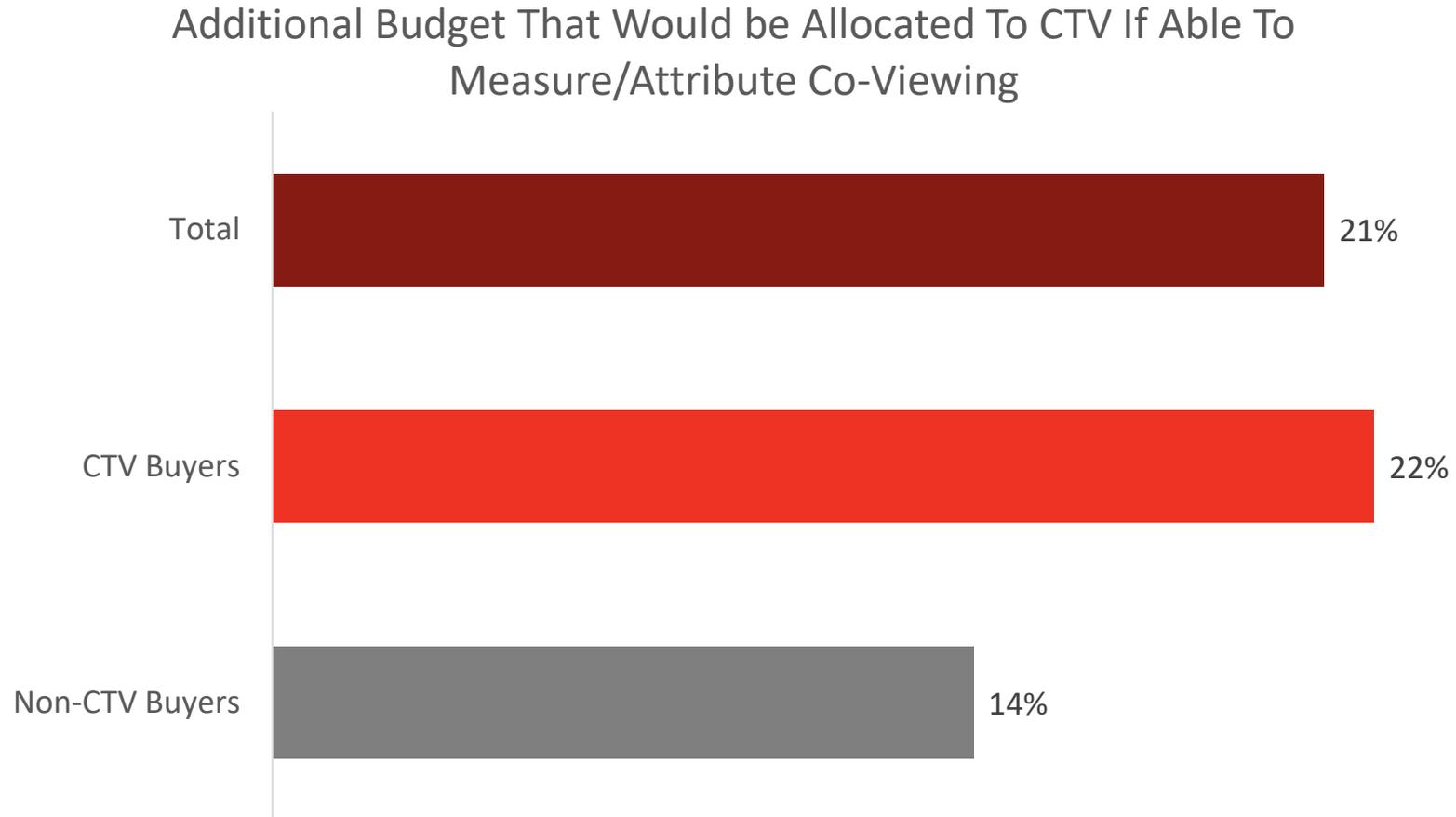


Measurement improvements should focus on standardization of metrics, consumer identity and attribution modeling

Improvements Needed To Measure Video Ad Effectiveness

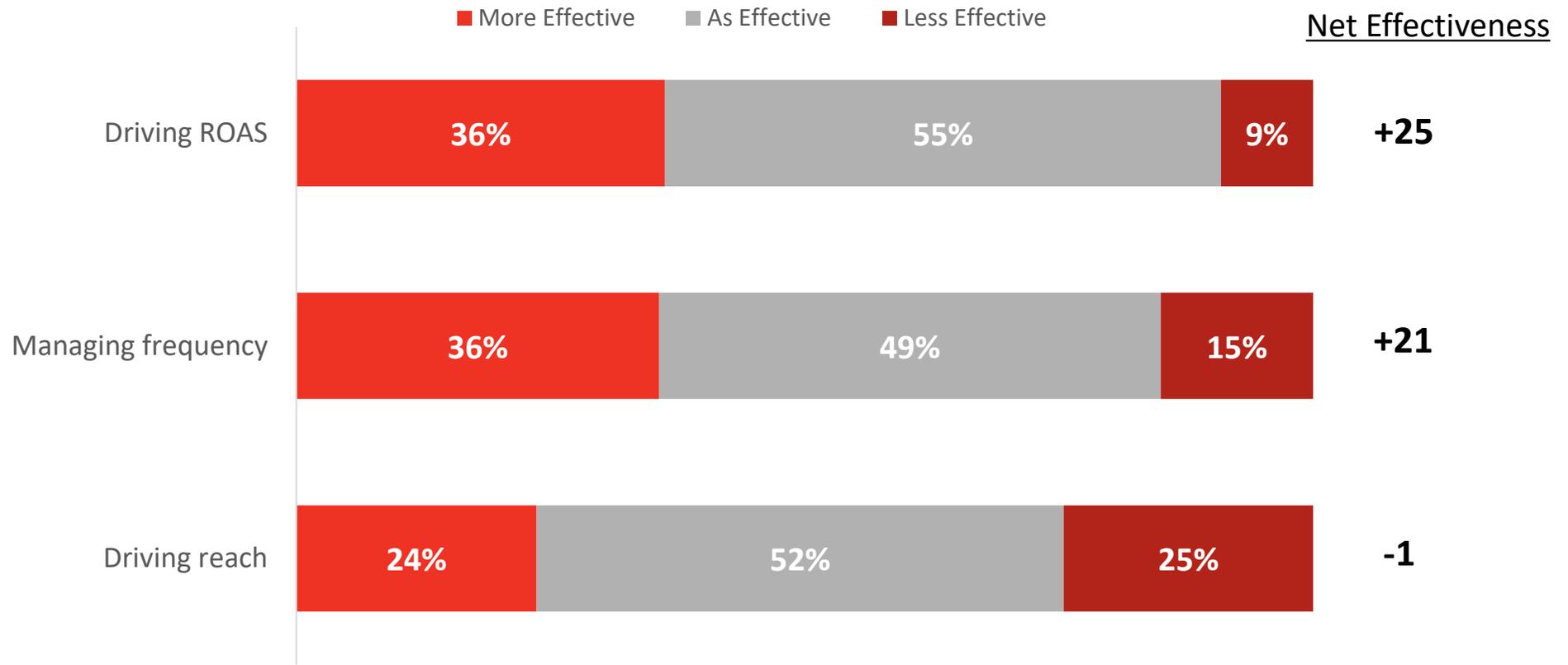


CTV budget allocations would increase if co-viewing was measurable



While effective for ROAS and frequency, CTV falls short on mass reach

Connected TV Advertising Effectiveness Compared To
Traditional Linear TV Advertising
(Sorted by more effective)



Pricing is another top CTV challenge cited by buyers

**Benefit for
Desktop/
Mobile**

60%

of advertisers indicate that
Desktop/Mobile Video
have **“Competitive Pricing”**

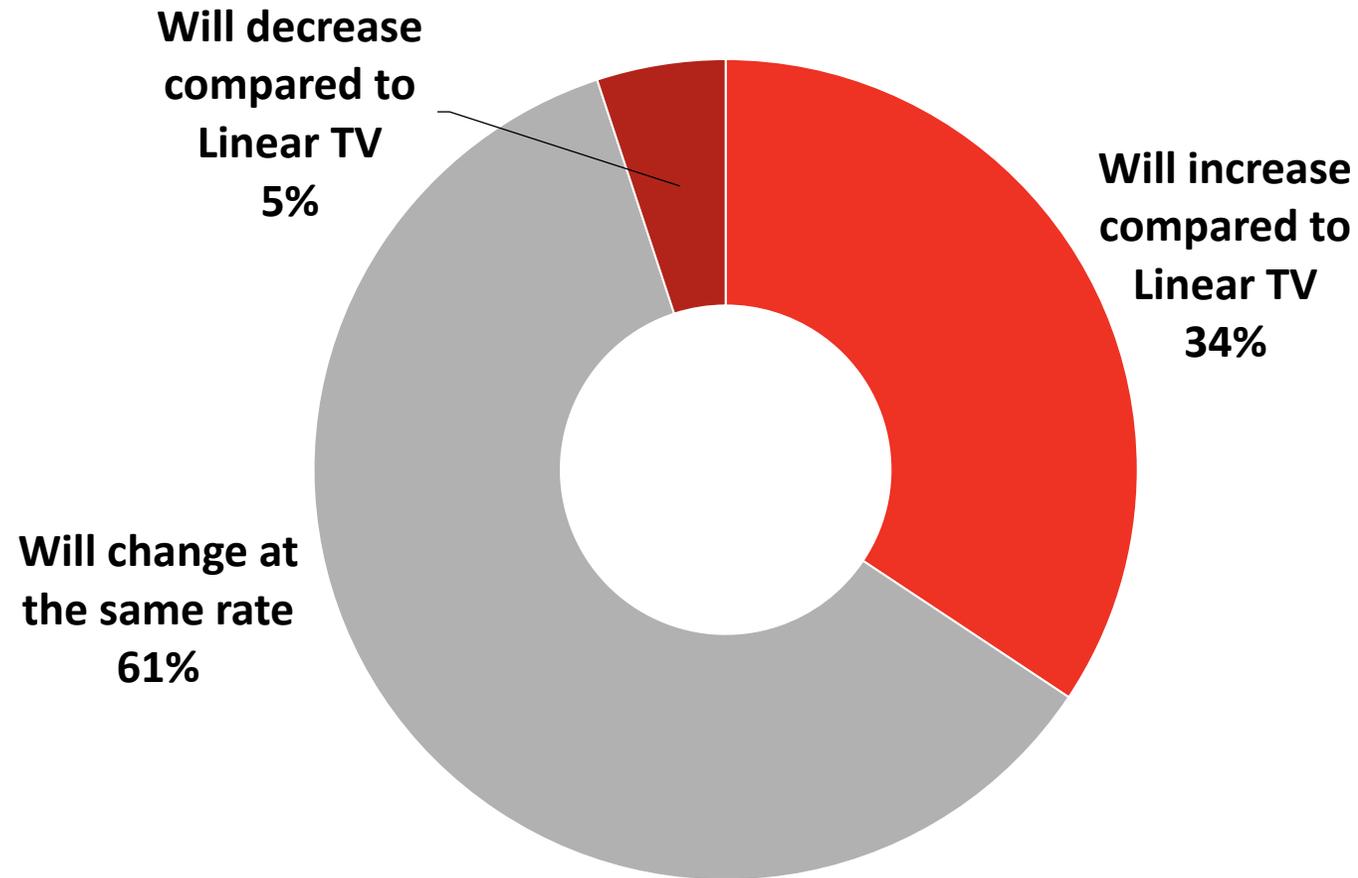
**Challenge
for CTV**

40%

of advertisers identify
“High Prices” as a
challenge to using CTV

Nearly 2/3 of buyers see CTV and Linear TV CPMs changing at the same rate

Expected Change In Connected TV CPMs Relative To Linear TV CPMs
Next 12 Months



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Methodology & Glossary

Methodology

350 Online Interviews Conducted

Survey Fielded: March 19 - April 5, 2021

Total Sample: N = 350 Advertiser and Agency

Qualification: Involved in Digital/Mobile 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

Respondents: Who completed the survey?

Profile of Respondents (350)	Total
Agency	44%
Marketer	56%
Senior (VP+) job title	46%
Mid (Director) job title	45%
Junior job title	9%
Digital video (desktop and/or mobile) advertisers	100%
TV advertisers (Linear, Advanced, and/or CTV)	91%
Advanced TV advertisers	76%
Direct-to-consumer brand	35%

Market Sectors	Total
Apparel/Fashion	10%
Automotive and related	11%
CPG	10%
Financial Services	10%
Health and Wellness	10%
Home and Appliance	12%
Media and Entertainment	8%
Retail	9%
Telecommunications	9%
Travel	10%

- **Household Addressable TV:** Households viewing same linear or VOD show see different ads. Addressable household data informs audience segmented buys.
- **Advanced TV:** Households viewing same linear or VOD show see different ads. Addressable household data informs audience segmented buys.
- **Broadcast/Cable TV:** Traditional linear TV. Households viewing the same shows see the same ad.
- **Connected TV (CTV):** Households viewing same show see different ads on an internet connected television (via Smart TV or OTT device) with CTV device data and streaming service data informing audience buy.
- **Data-Driven Linear TV:** Households viewing the same linear show see same ad. Advertisers buy specific programs based on viewing data.



The [Interactive Advertising Bureau](#) empowers the media and marketing industries to thrive in the digital economy. Its membership comprises 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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