

Attitudes to Digital Video Advertising



Report
March 2018

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EXECUTIVE SUMMARY

The second annual IAB Europe Attitudes to Digital Video Advertising report highlights the following key findings.

- Digital video advertising is mainstream whilst linear TV investment dominates advertising budgets
- Mobile has overtaken desktop and is now the key device for digital video advertising investment
- Supply of digital video advertising inventory is still being established with the amount of skippable inventory catching up with non-skippable
- Direct trading is the dominant trading mechanism for digital video advertising
- In-stream continues to drive digital video advertising investment
- Brand KPIs and metrics are key to measuring digital video advertising success
- Investment in digital video advertising is set to increase

The research shows that nearly all stakeholders are now deploying some form of digital video advertising strategy, with over 90% of advertisers, media agencies and publishers claiming that they are using the channel.

Investment in mobile video advertising has overtaken desktop as consumer media consumption habits continue to evolve to a mobile first environment. Investment in connected TV has also increased with advertisers particularly optimistic about this channel. As highlighted in the first report, in-stream pre-roll formats continue to be the dominant digital video advertising format whilst out-stream and in-banner continue to increase. In terms of trading, direct or programmatic direct is the key mechanism used for the buying and selling of digital video advertising inventory as programmatic RTB trading is growing.



The research highlights that digital video is recognised as a key brand building format and buyers and sellers continue to decrease their use of the click for evaluating digital video advertising campaigns. Approximately half of buyers also want to see viewability metrics for their digital video advertising campaigns, which is likely to be due to the higher cost of digital video inventory.

Whilst the demand for digital video advertising appears to be increasing, publishers are still establishing their supply and strategy; only 16% state that more than 81% of their ad inventory is video. Skippable inventory is catching up with non-skippable with a third of publishers stating that more than 81% of their inventory is skippable and a third also stating that more than 81% of their inventory is non-skippable.

News and sport continue to be the most likely types of content that digital video advertising will appear on. The rise of social video allows this content to be shared easily and quickly, for example current news stories can be shared widely across social media platforms making these attractive content pieces for advertisers.

More than 80% of agencies are undertaking cross-screen planning as buyers look to unlock unique audiences across different channels and extend the reach of TV campaigns. Cross-screen planning is also driven by the fact that TV budgets are being used to fund the investment in digital video advertising. Whilst the first report showed original TV content being repurposed across screens, original content has now overtaken repurposed TV content for desktop and mobile devices. For connected TV repurposed TV content is used more than original content.

The importance of digital video advertising highlighted in the research, and its emergence across multiple channels, suggests adoption is likely to grow. Indeed, more than 80% of all stakeholders buyers cite an increase in their digital video advertising investment or revenues over the next 12 months.



METHODOLOGY & PARTICIPANTS

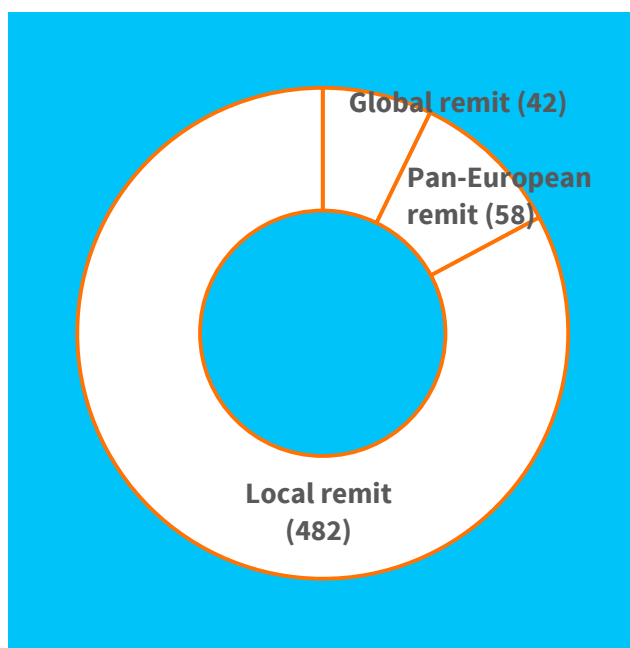
IAB Europe used an online survey with the help of the national IAB network to ensure a representative sample across European markets. The survey received approximately 450 respondents between October and December 2017.

The responses came from advertisers, agencies and publishers in 31 markets and respondents with both pan-European and Global remits.

IAB Europe members can access the full data set by contacting Marie-Claire Puffett (contact details at the end of this report).

FIGURE 1

Survey respondents



INTRODUCTION

Digital advertising in Europe is now a [€41.9bn market](#) which continues to be driven by video and mobile. Having overtaken TV ad spend for the first time in 2015, [online advertising now leads TV by over €7bn](#), a €34bn market. Indeed, digital video increased by 21.4% in 2016 to a market value of €3bn and now a nearly [half of digital video is generated programmatically](#) (46.5%).

In order to understand this growth and the adoption of digital video advertising across Europe, the ways in which video is being traded on both the buy-side and sell-side, and what the future holds, IAB Europe's Video Task Force and Research Committee developed the Attitudes to Digital Video Advertising survey for the first time in 2016.

The survey asked about the following areas:

- Investment levels in digital video advertising
- Investment levels in devices and formats
- Objectives and measurement
- Inventory supply
- Cross-screen strategy
- Future of digital video advertising investment

The respondents were from some of the largest advertising and media organisations, including but not limited to:



CURRENT ADOPTION

Digital video advertising is mainstream, linear TV dominates ad budgets

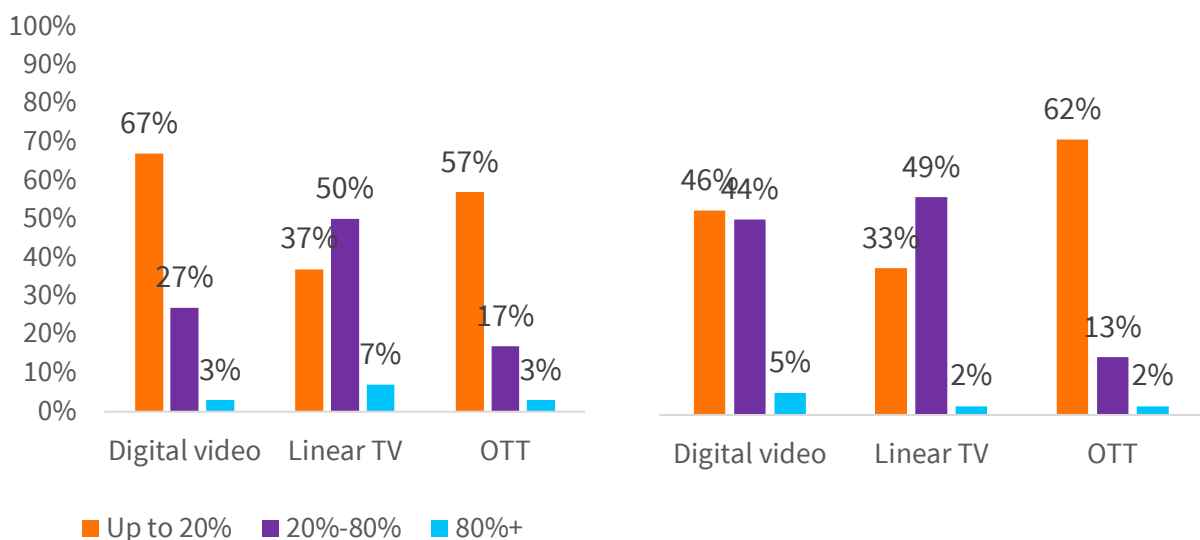
Most stakeholders across the digital ecosystem are embracing digital video advertising

and building on its potential for value creation. Only 3% of advertisers, 5% of media agencies and 9% of publishers claim that they are not investing in or gaining revenue from digital video advertising.

More advertisers and agencies are investing in digital video than in linear TV while OTT is still catching up, or still growing. However, linear TV continues to take the lion's share of advertising investment.

FIGURE 2

Percentage of advertisers and agencies investing in digital video, linear TV and OTT



- Please note in this context linear TV is traditional TV that involves a viewer interacting with regular scheduled programming. This could extend to programmes offered outside standard viewing but limited to non-web-based solutions.
- OTT / non-linear is non-traditional programmatic that involves internet protocol. Viewers may interact with programmes outside of original scheduling.



Direct dominates trading of digital video advertising

Most buy-side stakeholders are purchasing their digital video advertising via direct or programmatic direct methods. More than half publishers also state that they gain more than two thirds of their digital video advertising revenue via direct (non-programmatic means) mechanisms.

FIGURE 3

Percentage of digital video advertising traded via **direct buying (non-programmatic)**

% of digital video advertising investment	Advertisers	Agencies	Publishers
0%	15%	10%	5%
1% - 60%	70%	67%	41%
60%+	15%	34%	54%

FIGURE 4

Percentage of digital video advertising traded via **programmatic direct buying (using private marketplaces/deal IDs to trade direct deals in an automated way)**

% of digital video advertising investment	Advertisers	Agencies	Publishers
0%	20%	11%	19%
1% - 60%	65%	77%	78%
60%+	15%	13%	3%

FIGURE 5

Percentage of digital video advertising traded via **programmatic RTB (trading on the RTB marketplace)**

% of digital video advertising investment	Advertisers	Agencies	Publishers
0%	30%	19%	36%
1% - 60%	45%	69%	57%
60%+	25%	12%	6%

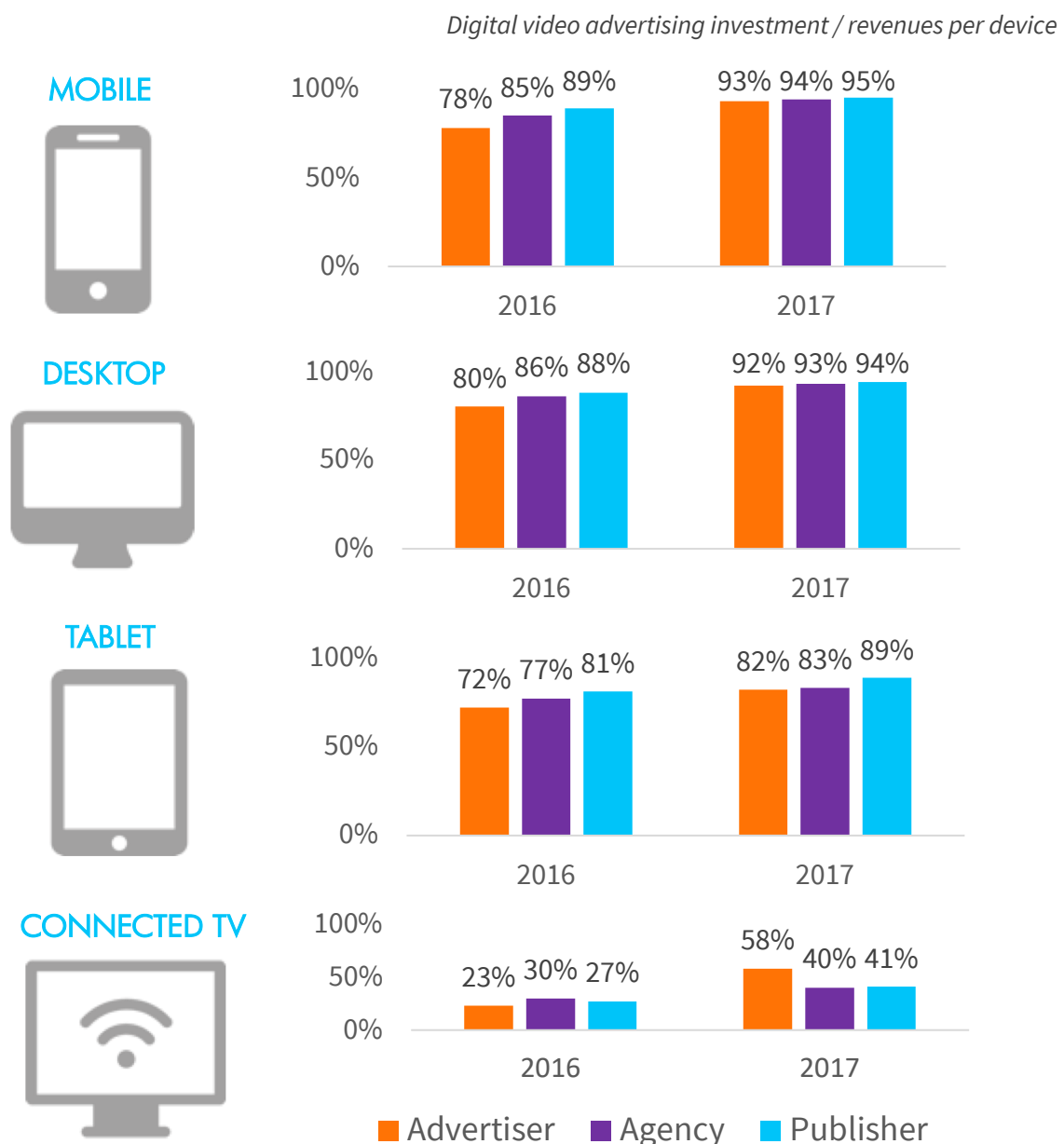


When looking at programmatic RTB trading of digital video advertising inventory, cost is the key factor for advertisers and performance KPIs for agencies in deciding which sell-side vendor to purchase the inventory from.

Mobile key device for digital video advertising investment

Digital video advertising investment has increased across all devices, particularly mobile and connected TV. Mobile has just overtaken desktop in terms of investment according to all stakeholders.

FIGURE 6



Publisher revenue from digital video advertising has thus increased across devices as a result of increased investment from the buy-side.

In-stream continues to drive digital video advertising investment

In-stream (also known as pre-roll, mid-roll or post-roll) continues to dominate digital video advertising budgets and revenues. Agency investment in out-stream is catching up while advertiser investment is stagnant.

FIGURE 7

Digital video advertising investment/ revenues per video ad format type

	Advertisers		Agencies		Publishers	
	2016	2017	2016	2017	2016	2017
In-stream (e.g. pre-roll)	81%	88%	86%	91%	80%	85%
In-banner	63%	76%	74%	82%	53%	65%
Out-stream	64%	62%	77%	80%	69%	72%



The IAB Europe Attitudes to Digital Video Advertising report proves again that finding premium, brand safe digital inventory is key for advertisers in a Total Video world. It also manifests that Television drives Total Video advertising strategies, whilst digital video continues to experience growth, demonstrating that the demand for premium digital video inventory will increase.

Daniel Bischoff
Marketing Director, RTL AdConnect



OBJECTIVES & MEASUREMENT

Brand KPIs key to measuring digital video advertising success

Digital video ad formats are synonymous with storytelling and engaging with customers through their journey. It is no surprise then that **73% of advertisers and 89% of agencies aim to uplift brand awareness** with digital video advertising campaigns. Brand familiarity and purchase intent are also drivers of digital video advertising investment for half of advertisers.

Click continues to diminish

Buyers and sellers continue to decrease their use of the click for evaluating digital video advertising campaigns. Reach and frequency is increasing in use amongst agencies and publishers.

FIGURE 8

Metrics used / offered to evaluate digital video advertising campaigns

	Advertisers		Agencies		Publishers	
	2016	2017	2016	2017	2016	2017
Advertising recall	33%	32%	47%	32%	32%	25%
Brand awareness	67%	48%	67%	60%	58%	26%
Brand familiarity	18%	24%	23%	21%	27%	5%
Brand affinity	31%	28%	29%	25%	30%	9%
Purchase intent	29%	28%	40%	25%	27%	19%
Likelihood to recommend	13%	12%	24%	16%	14%	5%
Becoming a fan or follower	16%	16%	35%	23%	17%	12%
Click on advertisement	56%	48%	55%	46%	70%	60%



	Advertisers		Agencies		Publishers	
	2016	2017	2016	2017	2016	2017
Individuals' interaction with content or ads (like / sharing / commenting / creating social buzz)	38%	32%	40%	28%	25%	25%
Synergies of multi-screening	N/A	8%	N/A	14%	N/A	19%
Touch screen metrics such as pinch, swipe, expand	N/A	8%	N/A	10%	N/A	16%
Uplift in direct site visits	N/A	36%	N/A	25%	N/A	14%
Uplift in search behaviours	N/A	24%	N/A	23%	N/A	9%
Level of viewability (proportion in-view and time spent)	68%	48%	63%	47%	76%	49%
Completion rates	66%	44%	71%	62%	66%	47%
Targeting accuracy	32%	20%	44%	25%	53%	28%
Cost per mille (CPM)	57%	52%	70%	51%	76%	61%
Cost per completed view	N/A	52%	N/A	60%	N/A	46%
Volume of impressions delivered	45%	24%	43%	28%	63%	42%
Level of brand safe, non-fraudulent impressions	20%	12%	30%	17%	33%	25%
Sales KPIs	30%	32%	31%	28%	23%	16%
Reach and frequency	68%	44%	67%	68%	55%	60%



DIGITAL VIDEO INVENTORY SUPPLY

Inventory still being established

Just over 40% of publishers state that less than 20% of their digital advertising inventory is digital video and only 16% state that it is more than 81%. This suggests that the supply of digital video advertising inventory is still in the process of being established.

Skippable inventory is catching up with non-skippable with a third of publishers stating that more than 81% of their inventory is skippable and a third also stating that more than 81% of their inventory is non-skippable. In the 2016 study a quarter of publishers stated that none of their inventory was skippable; in 2017 21% of publishers note that none of their inventory is skippable and 16% now say that 0% of their inventory is non-skippable. The supply of VPAID inventory is also not widely available with 13% of publishers noting that more than 81% of their digital video advertising inventory can be delivered through VPAID ([Video Player Ad Interface Definition](#)). 45% of publishers state that less than 20% of their inventory can be delivered through VPAID. The low availability of inventory for VPAID could be attributed to the incompatibility of this ad type on OTT/SSAI. These environments do not allow for the third-party tracking/interactivity for which VPAID is used. However, the IAB Tech Lab is hoping to divest these capabilities from current-state VPAID by developing new specs for both VAST and VPAID.



The video advertising ecosystem is moving towards a more premium environment, in which in-stream, click-to-play inventory plays an important role in driving CPMs.

Janice Navea
Director, Strategy – Video Solutions, Index Exchange

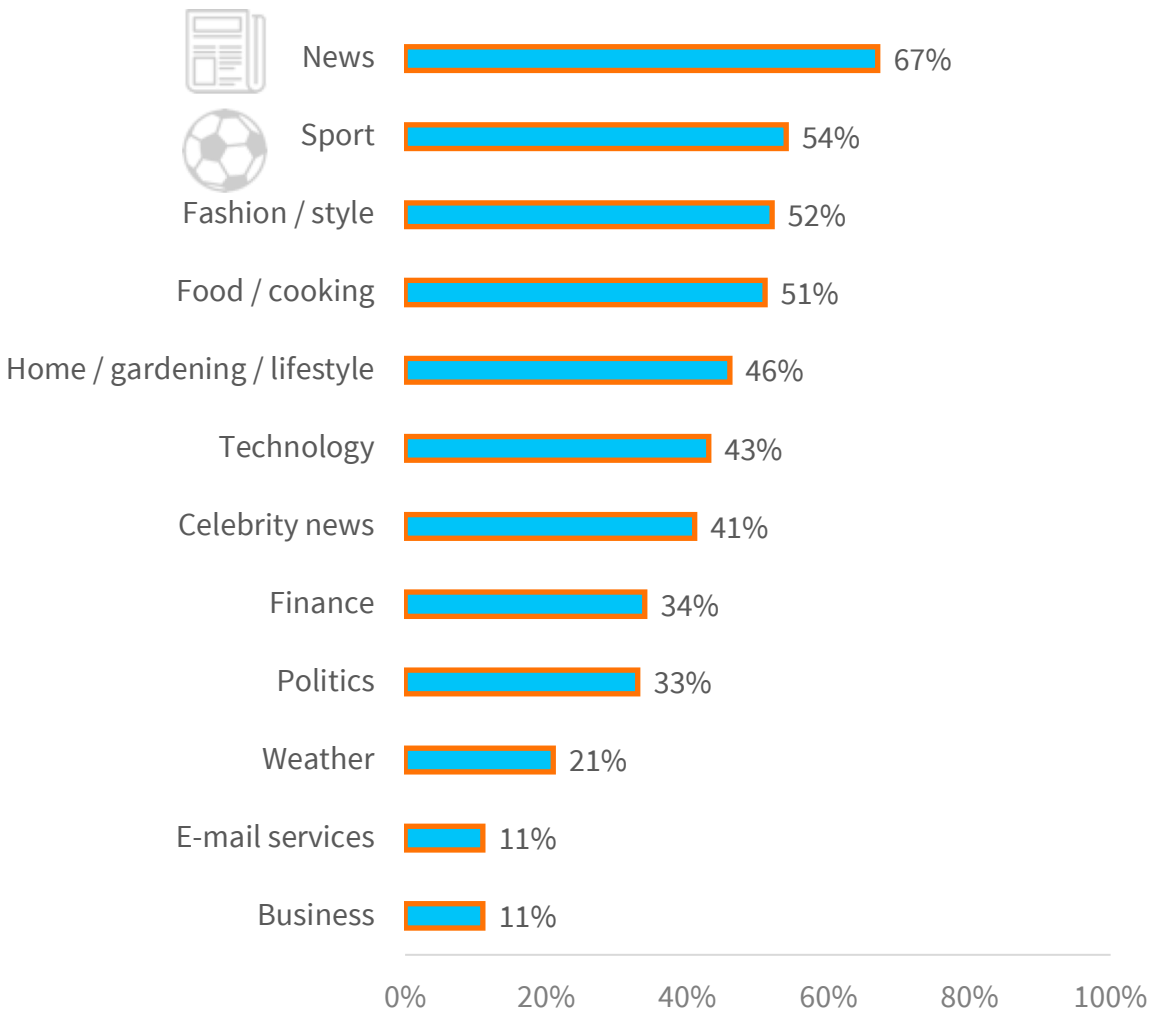


News and sport most common content for digital video advertising

News and sport are the most common or frequent types of content that digital video advertising is likely to appear on. The rise of social video allows this content to be shared easily and quickly, for example current news stories can be shared widely across social media platforms making these attractive content pieces for advertisers.

FIGURE 9

Publisher site content that digital video advertising appears on



CROSS-SCREEN: TV & DIGITAL VIDEO

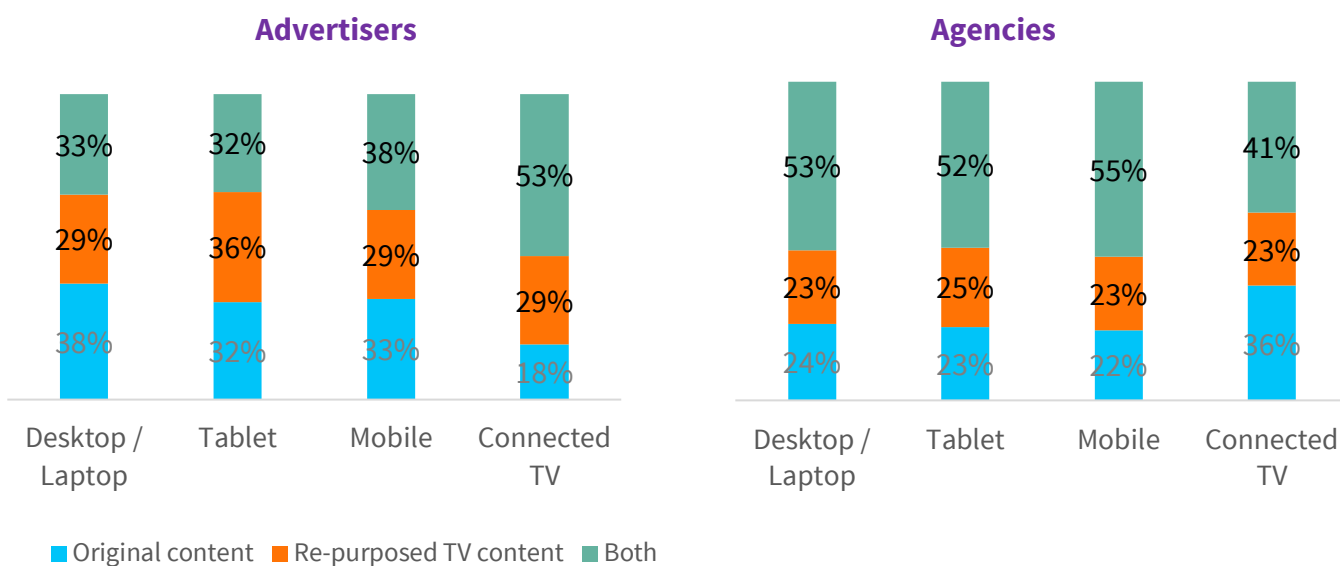
Agencies are leading the way with cross-screen campaign planning whilst advertisers are catching up; **83% of agencies and 66% of advertisers** state that their digital video advertising campaigns are planned in conjunction with TV advertising.

The majority of buyers and sellers think that brand awareness is uplifted by combining digital video advertising with TV advertising; 73% of advertisers; 82% of agencies and 73% of publishers. Nearly two thirds of advertisers also think that combining the two drives up purchase intent.

In terms of content for cross-screen campaigns, original content has overtaken repurposed TV content for desktop and mobile devices. For connected TV repurposed TV content is used more frequently than original content.

FIGURE 10

Content type used per device for digital video advertising



FUTURE OF DIGITAL VIDEO ADVERTISING

Investment in digital video advertising set to increase

As in the 2016 report, the results show that there is little difference in optimism regarding the expected increase of digital video advertising trading investments and revenues amongst stakeholders and regions; over 80% of all stakeholders cite an increase in the next 12 months. Advertisers are particularly optimistic about the future of digital video advertising with 22% expecting an increase of more than 51% (2% of agencies and 10% of publishers).



Younger generations prefer watching a video to reading and today they are viewing more video content on a broader range of devices than ever before. The report shows that video on mobile continues to grow, this is likely due to the fact that mobile video has an intensified impact compared to display ads. Brands can build meaningful consumer or professional relationships increasing their return on advertising spend by addressing relevant video content, at the right moment, in the right channel across the consumer journey. In 2018, video advertising will prove to be very effective for brands looking to market their products or services.

Hossein Houssaini
Global Head of Programmatic Solutions, Havas Group



WITH THANKS

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Solutions, Index Ezchange



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Development EMEA, Teads



ABOUT IAB Europe

IAB Europe is the leading European-level industry association for the digital advertising ecosystem. Its mission is to promote the development of this innovative sector and ensure its sustainability by shaping the regulatory environment, demonstrating the value digital advertising brings to Europe's economy, to consumers and to the market, and developing and facilitating the uptake of harmonised business practices that take account of changing user expectations and enable digital brand advertising to scale in Europe.

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