

ATTITUDES TO DIGITAL VIDEO ADVERTISING

REPORT 2018

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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.

Executive Summary

The third annual IAB Europe Attitudes to Digital Video Advertising report highlights the following key findings:

- **Digital video is an integral part of multimedia planning and buying** adding effectiveness (incremental campaign reach) and efficiency (decreasing cost of contact) elements to Linear TV campaigns. More than half of advertisers believe that combined TV and video campaigns help drive incremental reach.
- **Advertisers are using a more sophisticated range of metrics** to assess media effectiveness (brand awareness, cost per completed views, deduplicated reach and frequency, audience and brand safety verification), and the impact of digital video on brand- and sales-related outcomes.
- **Publishers are embracing video formats** to support growing user and advertiser demands, attracting more brand spend. The number of publishers reporting that over 80% of their inventory was video grew by 72%, from 16% in 2017 to 28% in 2018.
- **The share of digital video traded programmatically is growing** - approximately 90% of all stakeholders are using a Private Marketplace (programmatic direct) and a quarter of advertisers buying more than 60% of their digital video inventory via open RTB.
- **Out-stream continues to increase but in-stream still dominates.** Whilst out-stream video advertising investment continues to grow for advertisers and agencies, in-stream and in-banner video advertising still attracts the largest overall investments.
- **Decline in the use of repurposed TV content for digital video advertising campaigns.** This decline has been counterbalanced with many more advertisers opting for a blend of both repurposed TV content and original content. Surprisingly though, almost 20% of advertisers are still solely using repurposed TV content for mobile video.
- **Investment in digital video advertising is set to increase in the near future.** Over 90% of respondents cite an increase in the next 12 months.



We clearly see from the research the big shift into video, with publishers ramping up the volume of video inventory they carry. While generating higher CPMs for publishers, video delivers the impact and engagement that brands crave, helping persuade marketers to invest more in digital.

Roger Williams, VP, International Marketing, PubMatic

SECTION 1

Introduction

Digital advertising in Europe is now a €48bn market which continues to be driven by video and mobile. Indeed, digital video increased by 35% from €3.9bn in 2016 to €5.3bn in 2017. Further, the digital video market is now programmatic first.

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. The first report was published in 2016.

Now in its third year, the survey ascertains and measures the following areas:

- Investment levels in digital video advertising
- Investment levels in devices and formats
- Objectives and measurements
- Inventory supply
- Cross-screen strategy
- The future investment of digital video advertising

This report forms part of the Video Task Force's objective to explore the video advertising landscape in Europe and drive the uptake of digital video branding campaigns. Related resources from IAB Europe include a [Connected TV White Paper](#), the measurement of video ad spend in the AdEx Benchmark report and a library of ad effectiveness video case studies.

In 2019, IAB Europe aims to provide clarity and transparency on the digital advertising measurement landscape via a new Effectiveness Measurement Framework initiative. The objective is to enhance understanding of the methodologies and products available as well as the key measurement challenges and expectations on the buy-side. In the first phase we will survey measurement supplier to find out more about the current practice of and future vision for effectiveness measurement, and how the existing tools and capabilities support marketers' calls for accountability and transparency. Find out more about this initiative [here](#).



SECTION 2

Methodology and Participants

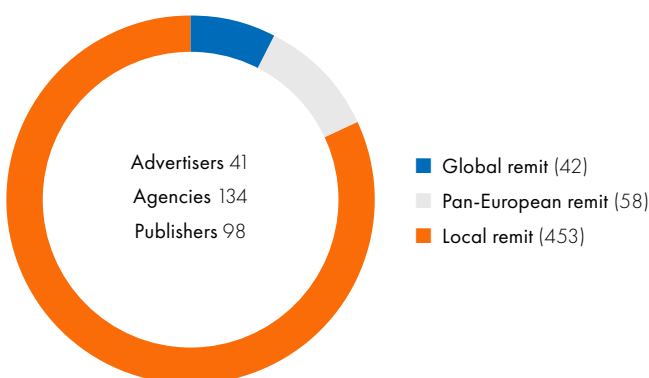
IAB Europe used an online survey with the help of the European national IAB network to ensure a representative sample across European markets. The survey received approximately 400 respondents between November 2018 and February 2019.

The responses came from advertisers, agencies and publishers in 31 markets. Respondents had local, 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: Respondents

In your role which region / market(s) are you responsible for?



As the re-alignment from linear video continues, IAB Europe's 'Attitudes to Digital Video Advertising Report' highlights the rapidly changing face of our industry. Significant year on year trends such as the continued rise of RTB and the growing adoption of the Out-stream format, show that this flourishing industry is rapidly maturing and our understanding needs to keep up with this pace of change.

Phil Sumner, Global Media Insights Director, Teads

SECTION 3

Current Adoption

Digital video adoption continues to grow year on year and is starting to challenge traditional Linear TV

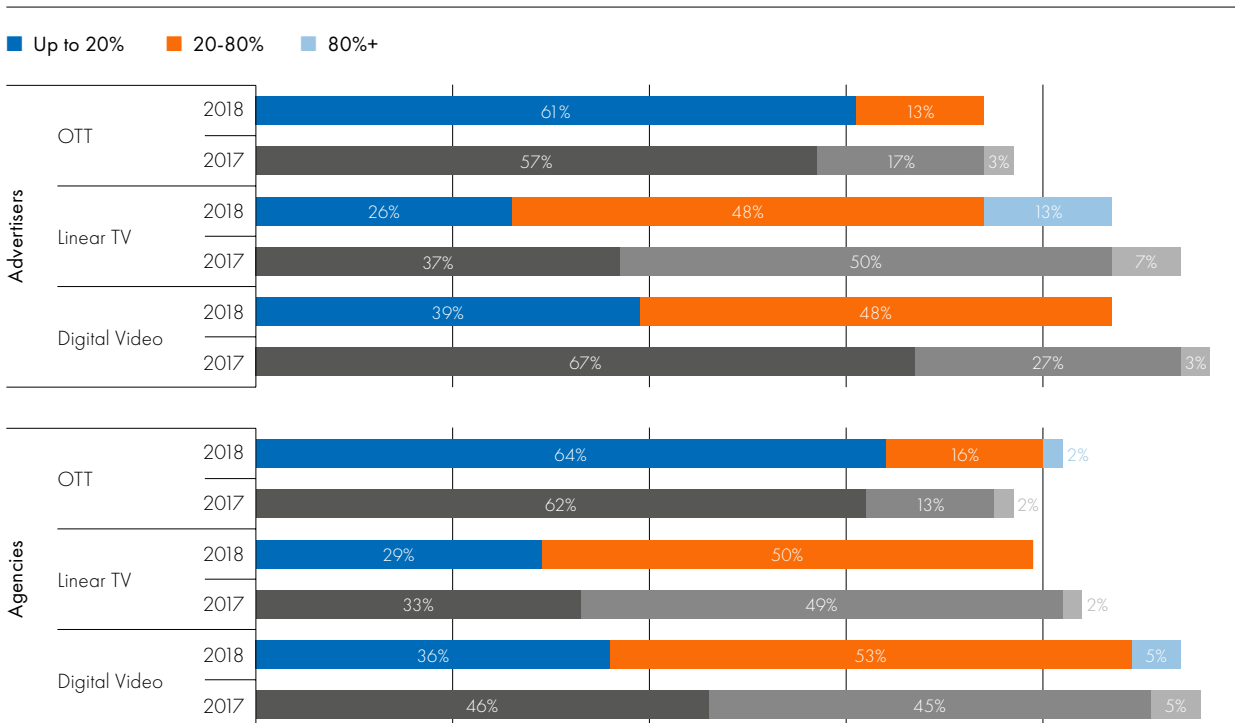
Digital video now plays a more notable role amongst agencies and advertisers as the investment share in digital video continues to expand. For the majority of buyers, digital video is becoming a substantial part of their strategy. Over half (52%) of respondents are spending between 20-80% of their total digital advertising budget on video. Overall significance of video advertising including linear and digital is growing among advertisers whereas agencies are trying to diversify and balance between different options – with slight investment decreases to linear TV and an overall increased investment to digital. However, OTT growth is stagnating. Nearly two thirds (63%) of respondents said they spend less than 20% of their overall digital investments on OTT.

Figure 2: Percentage of advertising investments / revenues in Digital Video, Linear TV and OTT

What percentage of your company's advertising investment is in linear TV?

What percentage of your company's advertising investment is in OTT Video?

What percentage of your company's digital advertising investment is invested in digital video advertising?



Similar trends are evident on the supply side. Publishers are reporting a significant increase in their advertising inventory for digital video. Nearly one third (28%) stated that more than 81% of their overall advertising inventory is now dedicated to digital video, compared to just 16% stating the same back in 2017; a 75% increase in just one year.

Share of digital video traded programmatically is growing

With approximately 90% of all stakeholders using a Private Marketplace the usage of audience data (programmatic direct) remains the leading method for digital video advertising buys. Inventory bought on open exchanges via open RTB protocols is also key to advertisers with a quarter of them buying more than 60% of their digital video inventory via open RTB.

Figure 3: Percentage of annual digital video ad spend / revenue via direct buying

Please indicate the percentage of your planned yearly digital video advertising spending / revenue per buy type ■ 2017 ■ 2018

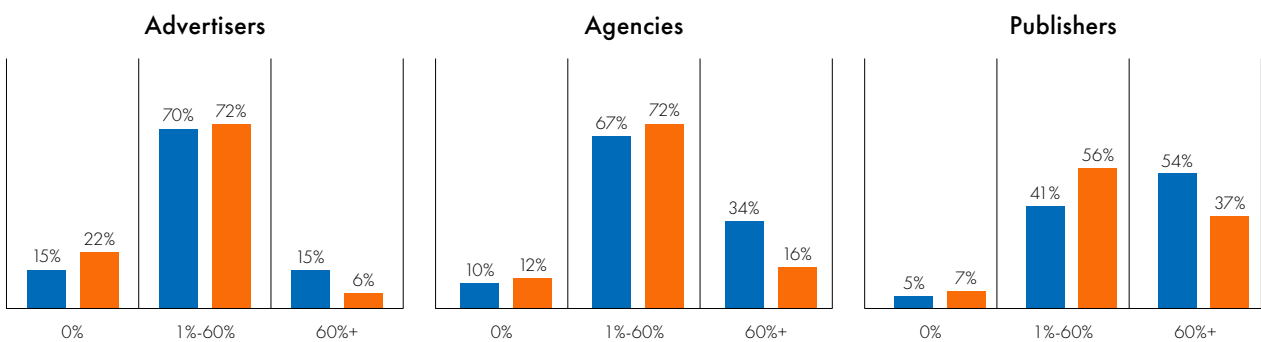


Figure 4: Percentage of annual digital video ad spend / revenue via programmatic direct

Please indicate the percentage of your planned yearly digital video advertising spending / revenue per buy type ■ 2017 ■ 2018

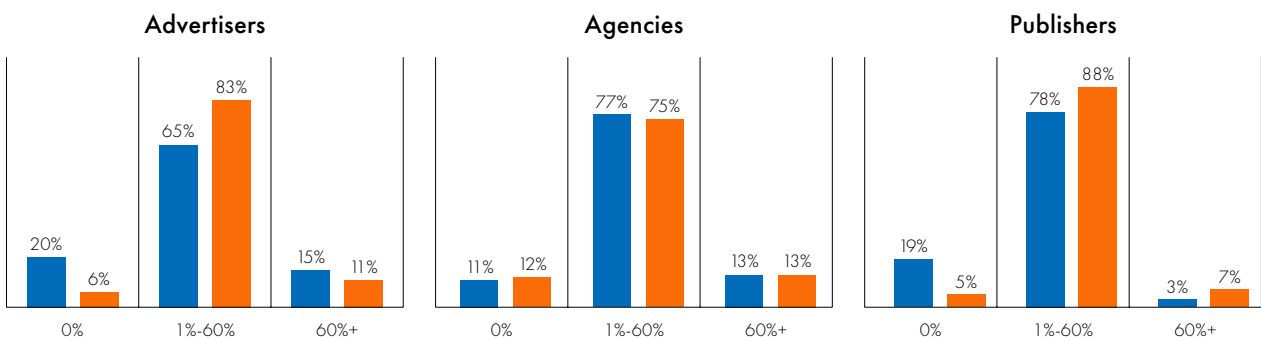
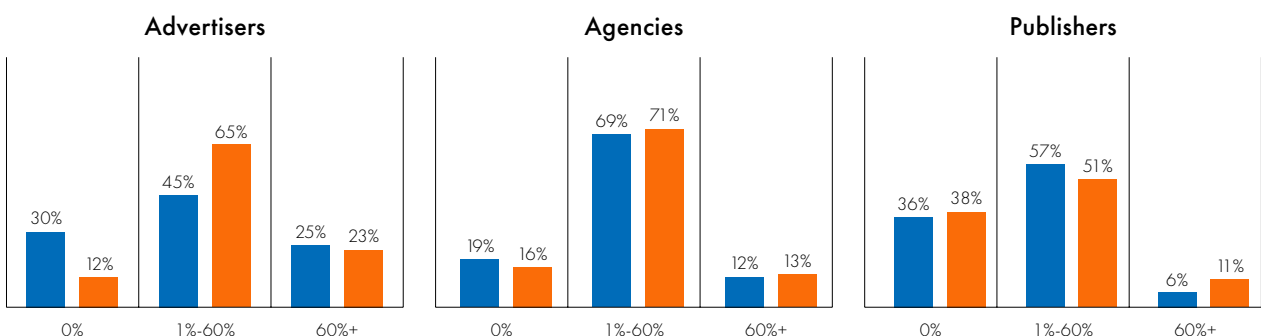


Figure 5: Percentage of annual digital video ad spend / revenue via open RTB

Please indicate the percentage of your planned yearly digital video advertising spending / revenue per buy type ■ 2017 ■ 2018



When buying video advertising programmatically and finding the same inventory is available through multiple sell-side vendors, buyers now place more importance on performance KPIs as opposed to cost; in 2018 61% of advertisers rated performance KPIs as the most important factor.

More traditional formats still dominate video advertising budgets

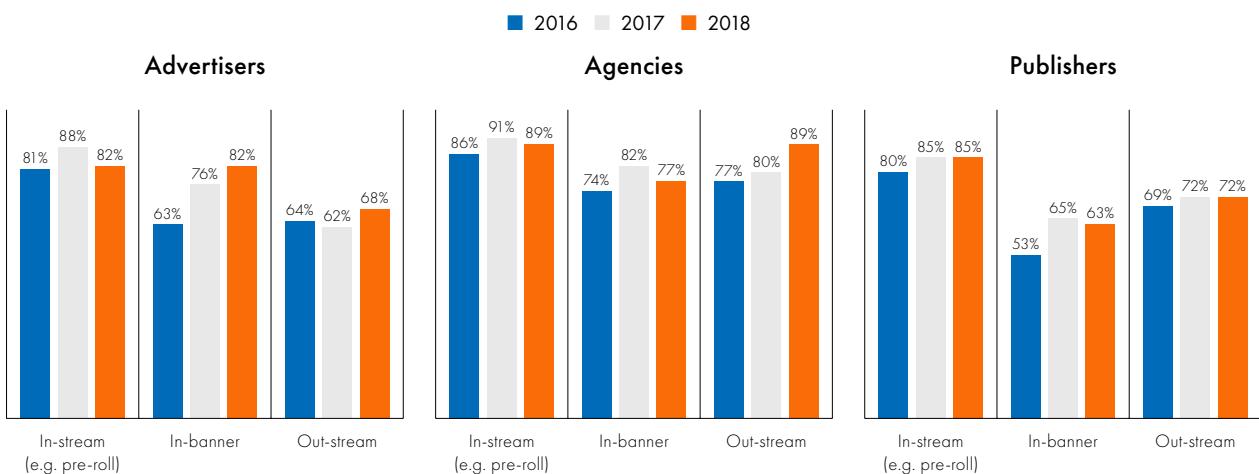
Whilst out-stream video advertising investment continues to grow for advertisers and agencies in 2018, in-stream and in-banner video advertising still attracts the largest overall investments. In 2018, advertisers allocated 83% of their digital video investments to both in-stream and in-banner, whilst agencies allocated 91% to their preferred format of in-stream. Publishers have maintained consistent revenues from in-stream video formats, with 85% in both 2017 and 2018.

Out-stream continues growth in digital video budgets

In 2018, 70% of advertisers and 90% of agencies allocated budgets to out-stream formats. This is offset by a slight decline in in-stream formats for advertisers and in-banner formats for agencies. Indeed, 23% of advertisers allocated more than 41% of their budget to out-stream compared to only 12% of advertisers in 2017. In-banner video advertising is split amongst advertisers and agencies. Advertisers have increased their investment from 76% in 2017 to 82% in 2018, whilst agency budgets have reduced from 82% in 2017 to 77% in 2018.

Figure 6: Digital video advertising investment / revenues per video ad format type

What percentage of your digital video advertising budget is allocated to each of the following digital video advertising format types?

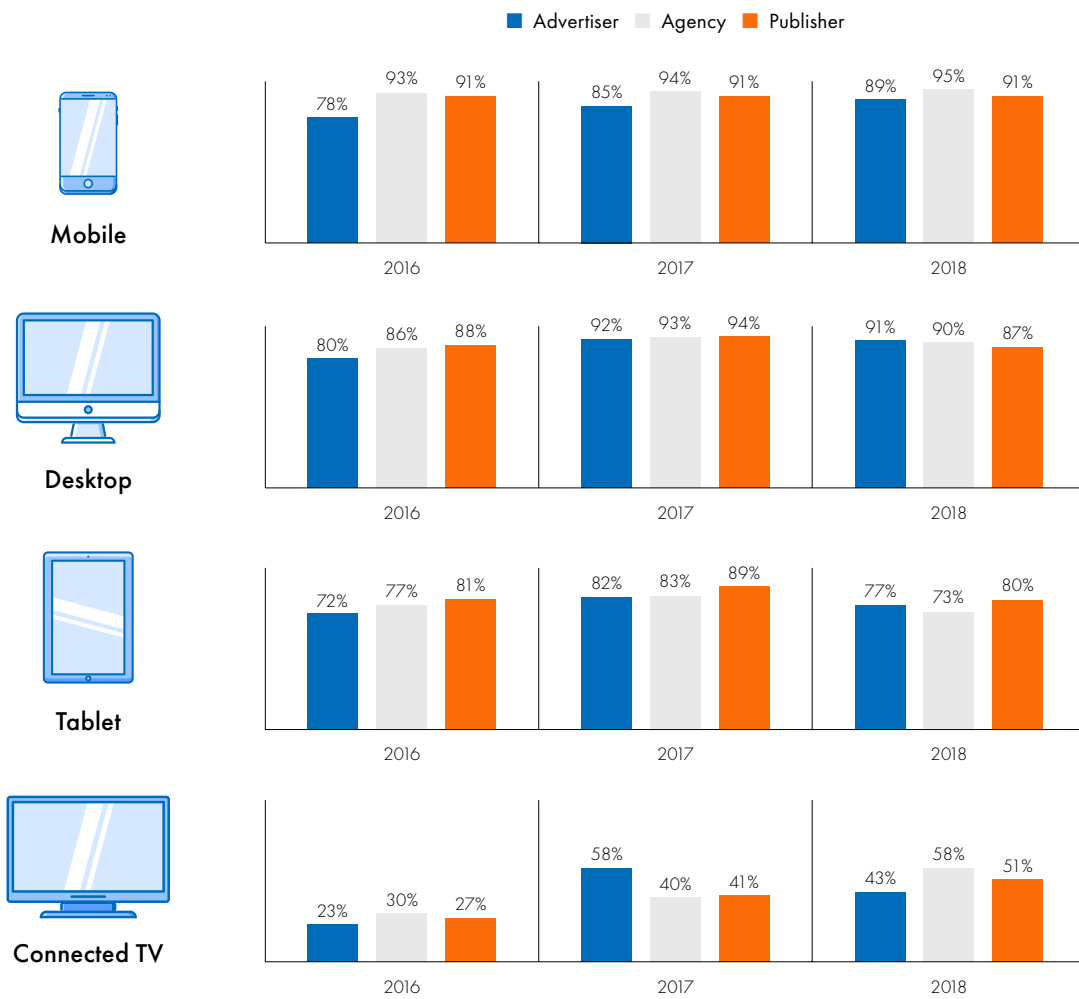


Mobile remains key device for digital video advertising investment

Whilst mobile is still the primary device for digital video advertising investment, connected TV continues to increase. With this, the investments in digital video advertising on desktop and tablet devices continue to decrease.

Figure 7: Digital video advertising investment / revenues per device

What percentage of your clients' digital video advertising budget is allocated to each of the following devices?



SECTION 4

Objectives and Measurement

Increased demand for digital video campaigns to drive Brand KPIs for advertising success

In 2018, 77% of advertisers and 89% of agencies cited driving brand awareness as the main objective for digital video advertising. This was closely followed by 56% of advertisers and 53% agencies considering digital video as a method to increase effective incremental reach when combined with TV advertising. Similar trends are evident on the supply side. Publishers are reporting a significant increase in their advertising inventory for digital video. Nearly one third (28%) stated that more than 81% of their overall advertising inventory is now dedicated to digital video, compared to just 16% stating the same back in 2017; a 75% increase in just one year.

Advertisers are using a more sophisticated range of metrics

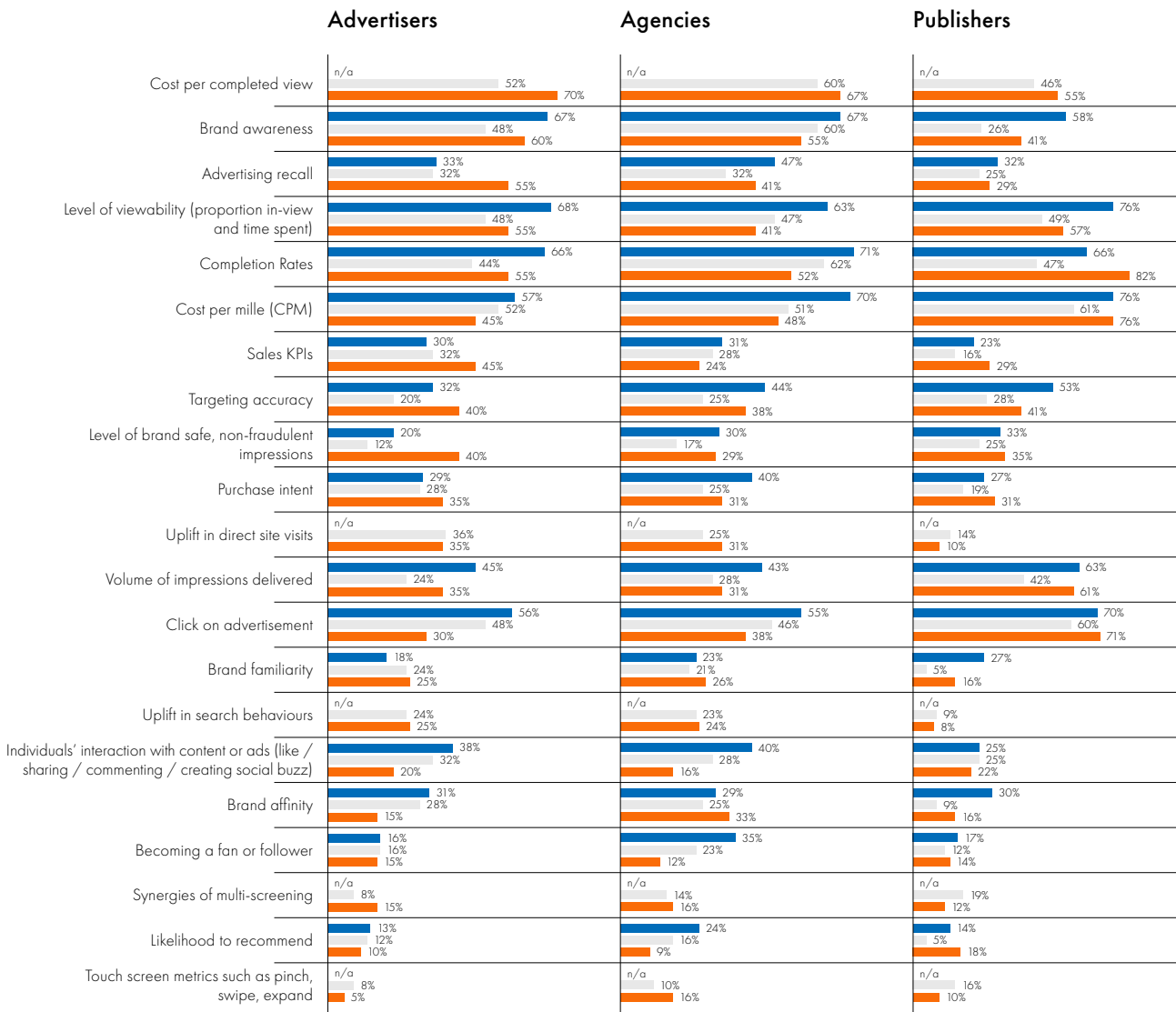
Advertisers are using a broader and more sophisticated range of evaluation metrics in 2018. This reflects the increased appetite for transparency and accountability in the industry. Cost per completed view (CPCv) remains the most important metric for advertisers (rising from 52% using it in 2017 to 70% in 2018) which reflects its increased use as a key transactional metric to secure as many eyeballs as possible for the lowest cost. The biggest year on year increase relates to brand safe/non-fraudulent impressions. This can be interpreted as being a direct response to recent high profile incidents that have affected industry trust levels in digital advertising. The most significant decline (from 48% of advertisers in 2017 to 30% in 2018) is observed in the use of click-through-rates (CTRs) as an evaluation metric. Issues relating to CTRs are well documented so moving beyond them for branding campaigns, towards meaningful measures more relevant for today's challenges, is a welcome sign. However sellers; both Publishers and Ad Tech Vendors deem this an important metric.



Figure 8: Metrics used to evaluate digital video advertising

Which metrics do you use to evaluate your digital video advertising? (Please tick all that apply)

■ 2016 ■ 2017 ■ 2018



IAB Europe’s new Effectiveness Measurement Framework initiative aims to provide clarity and transparency on the digital advertising measurement landscape. It will find out more about the current practice of and future vision for effectiveness measurement, and how the existing tools and capabilities support marketers’ calls for accountability and transparency.

SECTION 5

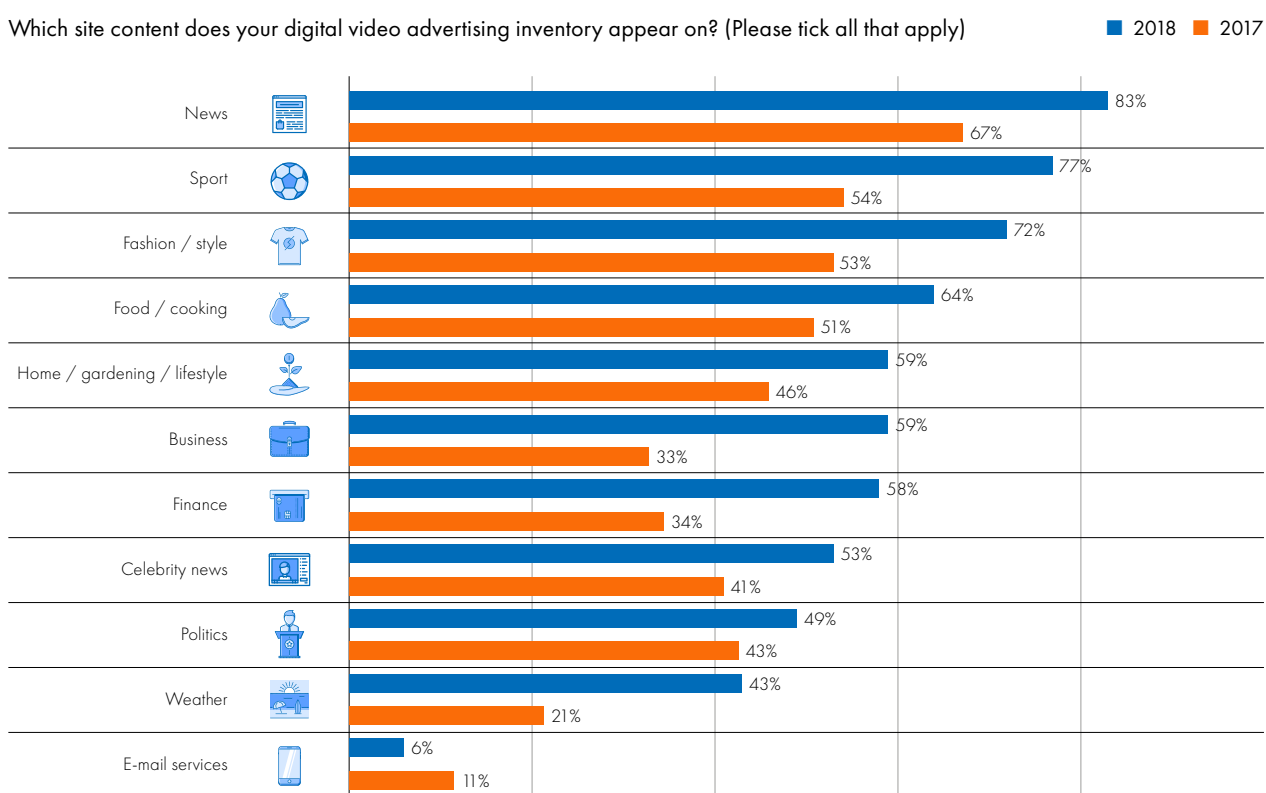
Digital Video Inventory Supply

Publishers Embracing Video as Inventory Volumes Grow Significantly

What the Attitudes to Digital Video Advertising Survey clearly highlights is the shift to video advertising and a preference for this on the sell-side, as indicated by the growing volumes of video advertising carried by publishers. While in 2017 more than two fifths of respondents reported that video advertising represented less than 20% of this inventory, in 2018 this had fallen by nearly a half, with just over 20% (having less than 20% video inventory). At the top end, those reporting that over 80% of their inventory was video grew by 72%, from 16% in 2017 to 28% in 2018. There is no surprise here as the demand from advertisers is high. It's a medium that is engaging, supports storytelling and helps build brands and awareness.

This shift to video was reflected across all website content areas. For eight out of the 10 categories, 50% or more of publishers indicated that video content appeared in these sections: in 2017, this had been just four out of 10. In particular, business and finance categories showed a strong shift to video with a 70% and 78% growth respectively year on year.

Figure 9: Publisher site content that digital video advertising appears on

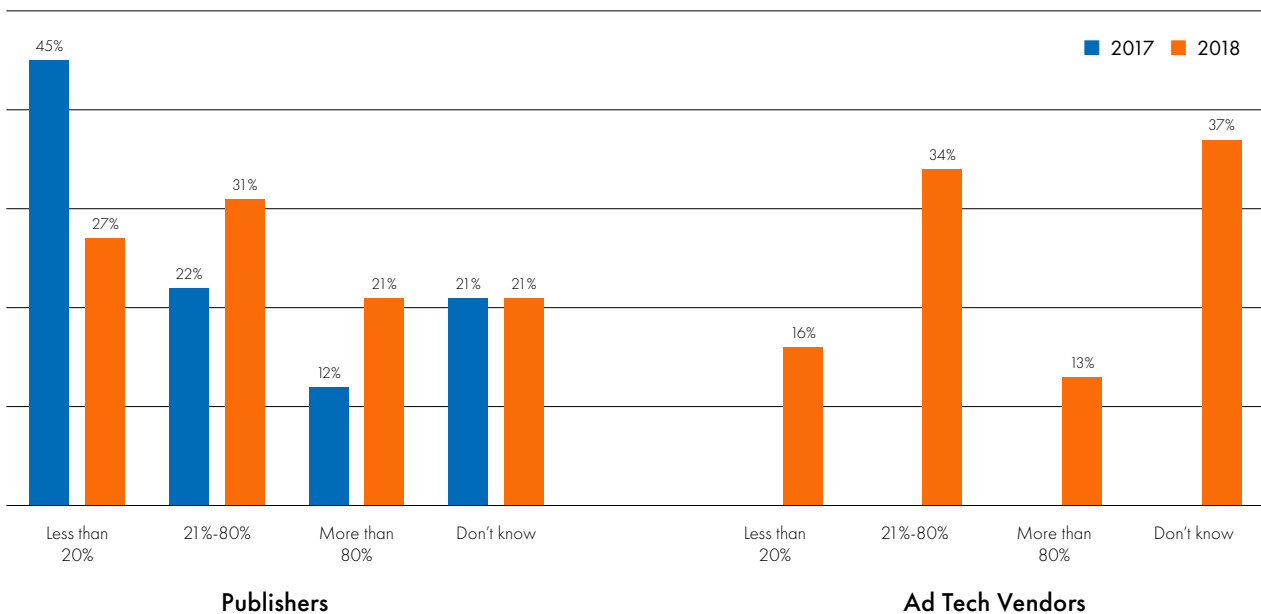


Publishers increase adoption of VPAID

This desire to support the needs of advertisers and thus attract more brand spend was also reflected by an increase in delivering video inventory via VPAID. There was a 59% increase in the number of respondents highlighting that over 80% of their video inventory was now being delivered via VPAID (up from 13% to 21% year on year). There was also a subsequent large decline in those reporting that less than 20% of their inventory is now being delivered via VPAID (decline from 45% in 2017 to 27% in 2018).

Figure 10: Percentage of in-stream inventory delivered using VPAID

How much of your in-stream video advertising inventory can be delivered through VPAID (Video Player Ad Interface Definition)?



With VPAID supporting rich media and interactive advertising, it delivers users with an enhanced experience, greater engagement and subsequently results in more effective advertising. Factor in the ability to track metrics, including viewability, and what it delivers, it ticks a lot of boxes for advertisers.

However, the new VAST 4.1 standard is also promising to solve many of the viewability measurement and interactive content execution problems. Adoptions rates are increasing; about half (44%) of ad tech vendors and about a quarter (23%) of publishers already support some iteration of the 4th generation of VAST, or are planning to do so in the next six months.

When it comes to viewing video ads, there appears to be a move away from consumer control, to a growing percentage of video inventory being non-skippable. In 2017 33% of publishers indicated that over 80% of their video advertising inventory was non-skippable but this jumped to over 40% in 2018. This is an interesting shift as non-skippable ads are often cited as a major annoyance amongst consumers. A driving factor may be to fulfil advertiser’s KPIs of brand awareness; to secure as many views as possible. This is further supported by Google’s decision to allow all advertisers to buy 15 second non-skippable video ads on YouTube.

SECTION 6

Cross-Screen: TV and Digital Video

Advertisers increase cross-screen planning

There has been an uplift in the number of advertisers who indicate that their video advertising campaigns are planned as part of a wider cross-screen campaign. In 2018, 41% of advertisers indicated that cross-screen planning was taking place on more than 60% of their campaigns. This is up from 27% in 2017 so a 14% rise in just 12 months. The amount of advertisers indicating that no cross-screen planning is taking place remains steady at just over 30%. These results indicate that those already on the cross-screen train are speeding up but there are still plenty who are yet to board.

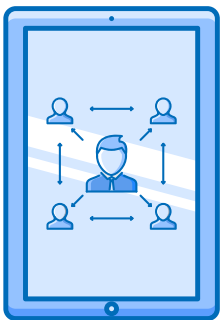
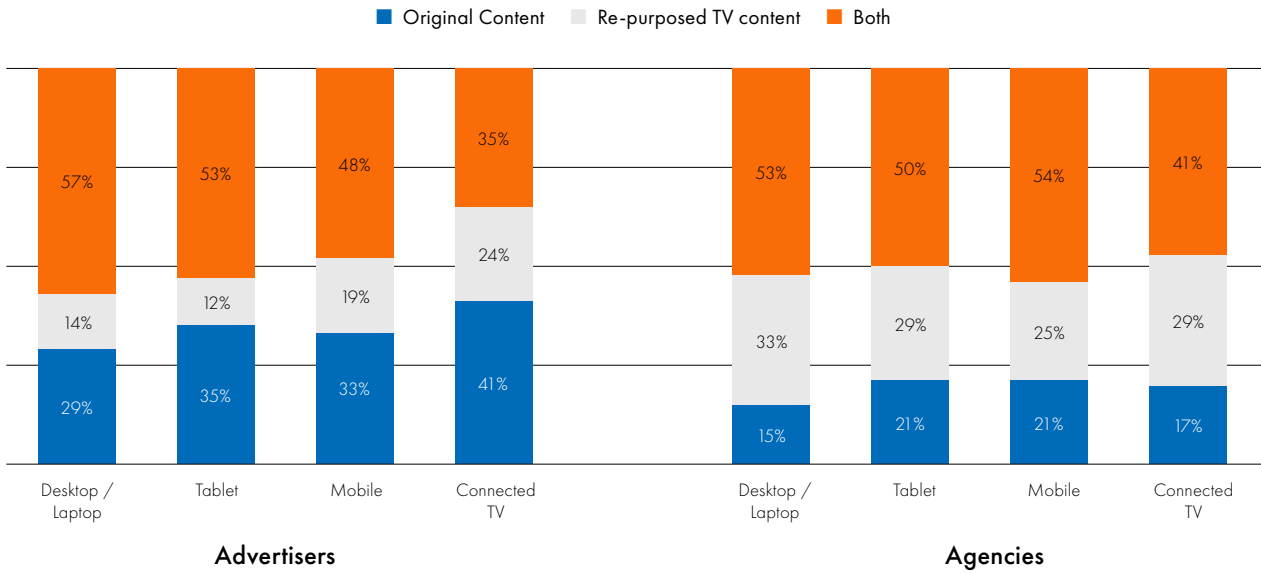
Year on year, advertisers' views remain consistent pertaining to the role of cross-media campaigns in driving the upper funnel branding metrics of ad recall and brand awareness (45% and 73% respectively) to drive consumer research and discovery. But advertisers felt less positive in 2018 in the role of combined video and TV campaigns to drive mid and lower funnel metrics like purchase consideration and intent. For the first time in 2018, we asked advertisers about their opinion towards incremental reach; 55% of advertisers believe that combined TV and video campaigns help drive incremental reach. Whilst it's good to see that the majority of advertisers believe this, there is still more work to be done on demonstrating the reach building capabilities of digital. Furthermore, with the decline in the belief that cross-screen campaigns can drive lower funnel metrics, media owners have an opportunity to demonstrate how multiscreening can be used across the funnel.

There have been some strong year on year swings in the types of content that advertisers are using for cross-screen video advertising campaigns. There has been a meaningful decline in the sole usage of repurposed TV content as brands realise a 1 minute TV ad which has been viewed many times already, is not the best fit for the shorter digital video formats available. The rise of Snap's 7 second ads and out-stream's standard 15 second ads, mean that fresh content is needed to capture and engage consumers there and then. This decline has been counterbalanced with many more advertisers opting for a blend of both re-purposed TV content and original content. Swings were observed in Desktop/Laptop (24% increase), Tablet (21% increase) and Mobile (10% increase) respectively. The swings represent a growing sophistication of marketers realising that both original and repurposed content have a place in a cross-media content strategy. Surprisingly though, almost 20% of advertisers are still solely using repurposed TV content for mobile video. Given the unique interactive opportunities in advertising that mobile devices have opened up, this seems like a wasted opportunity for those 20% of advertisers.



Figure 11: Type of content used for digital video advertising

Do you use original content or re-purposed TV content for digital video advertising on the following devices (or both)?

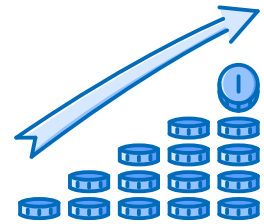


SECTION 7

Future of Digital Video Advertising

Investment in digital video advertising set to increase

As with the previous Attitudes to Digital Video Advertising reports, the results show that there is little difference in optimism regarding the expected increase of digital video advertising investments and revenues amongst stakeholders and regions; over 90% of respondents cited an increase in the next 12 months, however, when asked about traditional TV advertising budgets, only 25% expect an increase in the next 12 months.



With Thanks

IAB Europe would like to thank the following contributors who helped to devise the survey and report:



Karolis Strumskis
Product Director, Adform



Falguni Patel
Head of Media Agencies, Nielsen



Roger Williams
VP International Marketing, PubMatic

Jonas Olsen
VP Video, PubMatic



Phil Sumner
Global Media Insights Director, Teads

Contact Details

Marie-Clare Puffett

Business Programmes Manager

IAB Europe

puffett@iab europe.eu

About Us

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