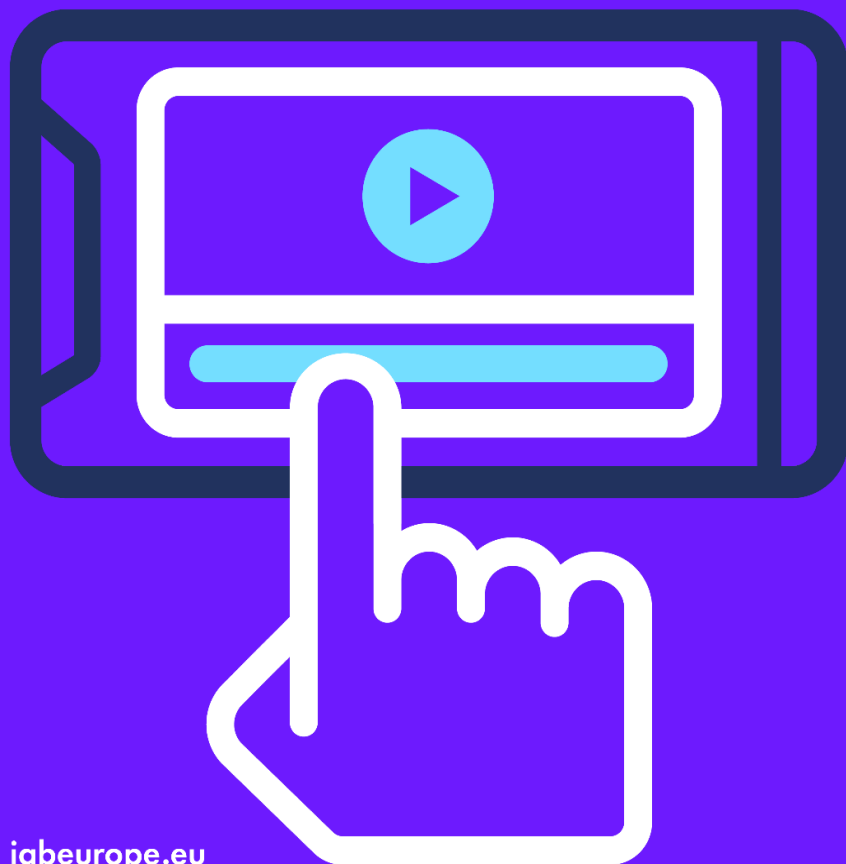


July 2020

ATTITUDES TO DIGITAL VIDEO ADVERTISING REPORT 2020



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Executive Summary

The Attitudes to Digital Video Advertising Report highlights the following key trends:

- **Brand building key driver for investment in digital video ads.** Nearly 60% of advertisers are investing in digital video to build their brand or gain competitive advantage whilst 40% of agencies invest to tell brand stories.
- **Digital Video key channel for driving sales and improving ad effectiveness.** Advertisers not only see digital video as a secondary touchpoint to TV but also a way to drive sales, whilst both agencies and publishers rely on this secondary touchpoint as a means to achieve scale.
- **Publishers are embracing video formats to support growing advertiser demands, attracting more brand spend.** While in 2018 just over 20% of publishers reported that video advertising represented less than 20% of their inventory, in 2020 over 32% of publishers received 29% of their advertising revenue from digital video.
- **The share of digital video traded programmatically through Private Marketplaces is growing.** In 2020 37% of publishers generated between 20-40% of the revenue via programmatic direct and up from 2018 when only 29% of publishers generated the same level of revenue. This increase is also reflected on the buy-side with 46% of advertisers now investing more than 41% of their digital video advertising via programmatic direct in 2020 compared to 17% in 2018/19.
- **The market shows increasing spend and revenues in mobile video.** 73% of advertisers are investing more than 41% of their digital video budgets in mobile in 2020 compared to 50% in 2018/19.
- **Outstream investments and revenues are increasing.** 45% of advertisers allocated more than 21% of their video budgets to outstream compared to 36% in 2018/19.
- **In terms of measurement advertisers would prefer reach and frequency as a true measure of a digital video advertising, agencies continue to operate with cost per completed view (CPCv) whilst publishers offer mainly CPM followed by CPCv.**
- **Continued trend towards increased cross media planning.** In 2020, media agencies stated that 86% of campaigns have at least some aspect of cross media planning compared to 81.5% in 2019.
- **Addressable and Connected TV earmarked as key drivers for future video investment.** Looking to the future, despite an expected surge from connected TV (CTV), only 20% of the budget is currently being allocated to this media channel by agencies. A large proportion of all stakeholders cite addressable or connected TV as key growth areas for digital video in the next 12 months. As this continues to grow the next challenge lies with being able to measure digital video across devices.

Introduction

In order to understand the growth and 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 developed the Attitudes to Digital Video Advertising survey. The first report was published in 2016.

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

Section 1 – Methodology & Participants

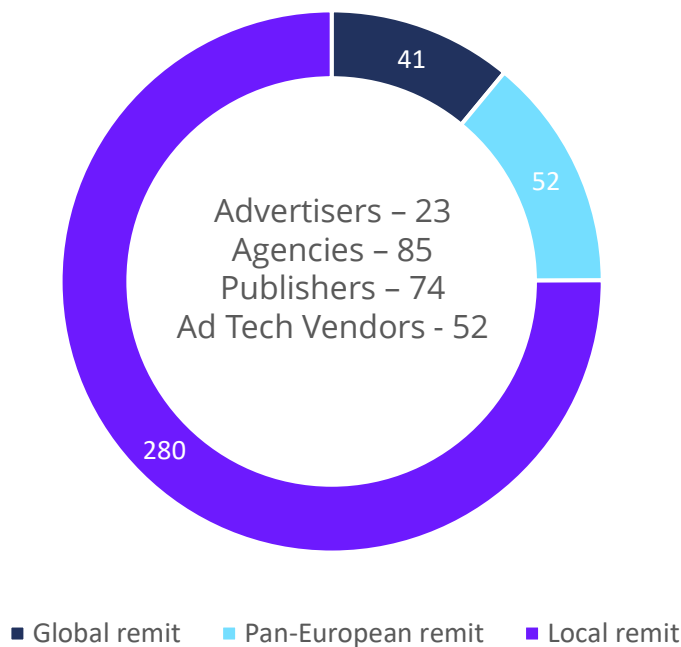
IAB Europe used an online survey with the help of the European national IAB network. The survey received approximately 300 respondents between March and April 2020.

The responses came from advertisers, agencies and publishers in 31 markets. Respondents had local, pan-European and Global remits.

The majority of respondents work for digital first advertising businesses with more than 50% of their advertising spend, billing or revenue allocated to digital.

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 respondent breakdown



Section 2- Current Adoption

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 2018 just over 20% of publishers reported that video advertising represented less than 20% of their inventory, in 2020 over 32% received 29% of their advertising revenue from digital video. 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.

The revenues from direct buys prevail in the industry: in 2018 37% of publishers generated over 60% of their digital video revenue from direct buys and in 2020 45% generated over 60% revenue from direct buys. In 2020 37% of publishers generated between 20-40% of the revenue via programmatic direct and up from 2018 when only 29% of publishers generated the same level of revenue. This increase is also reflected on the buy-side with 46% of advertisers now investing more than 41% of their digital video advertising via programmatic direct in 2020 compared to 17% in 2018/19. This mainly speaks to the concept that advertisers tend to buy video via guaranteed deals or via private marketplaces. It is natural for advertisers to view digital video as an extension of TV, and thus buy it in the same way.

Figure 2: Percentage of annual digital video ad spend / revenue via direct buying

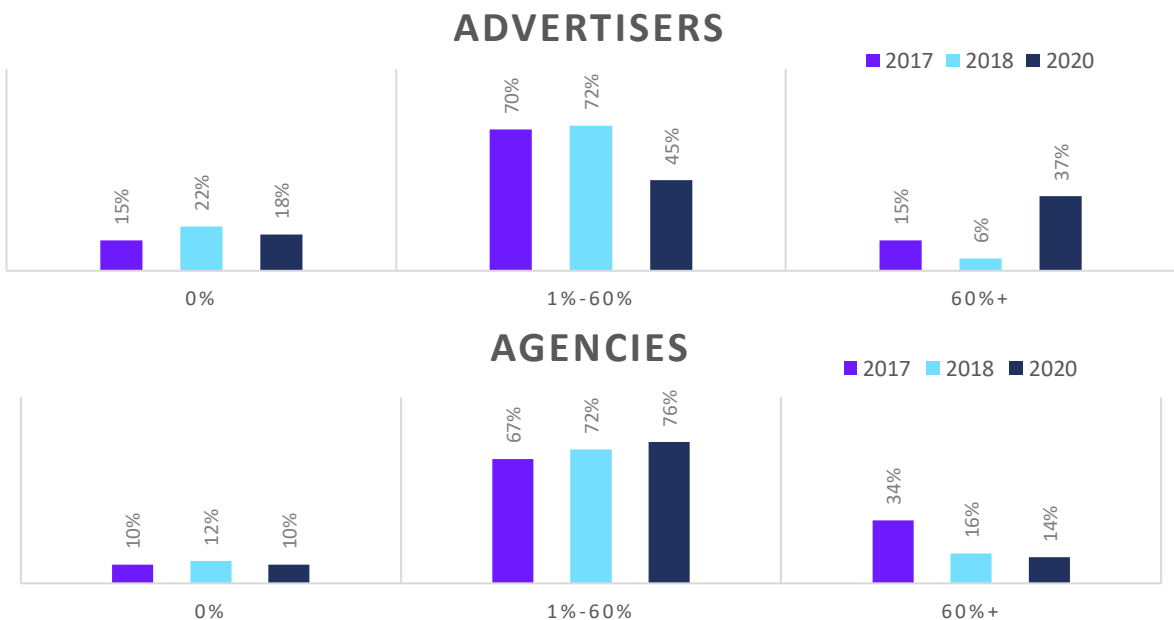


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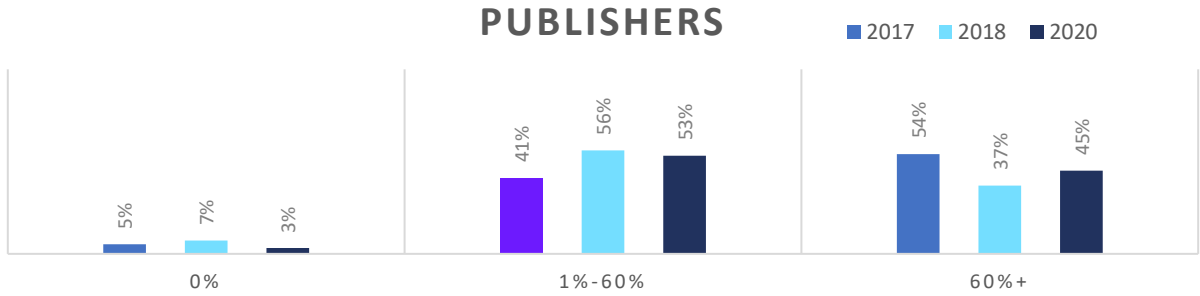


Figure 3: Percentage of annual digital video ad spend / revenue via programmatic direct

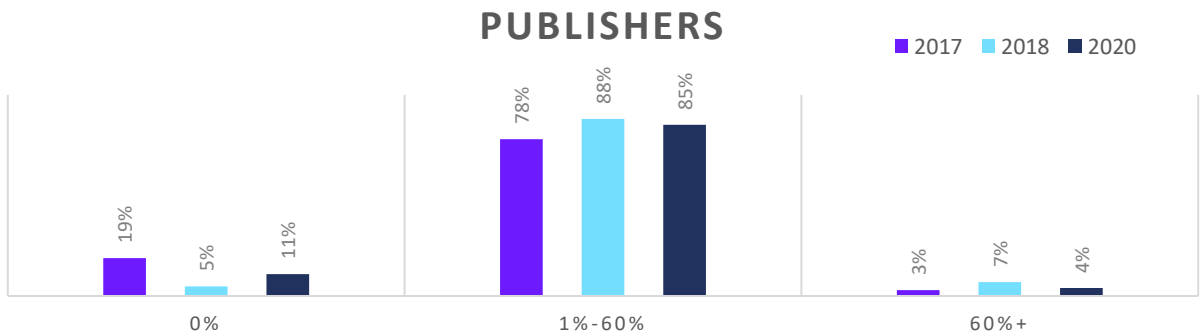
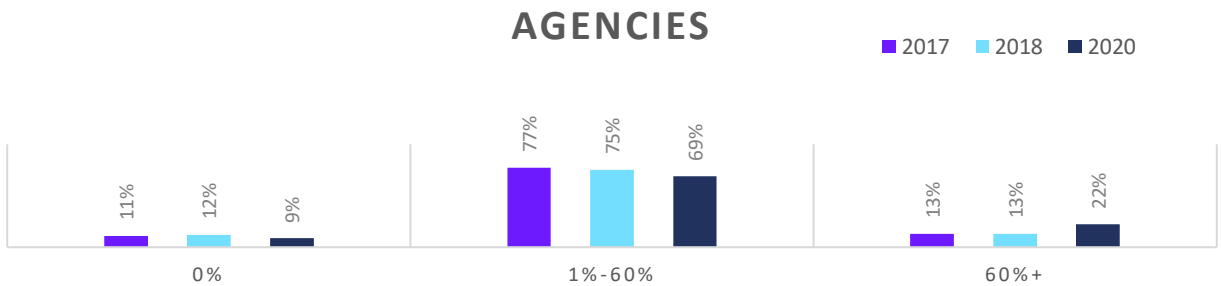
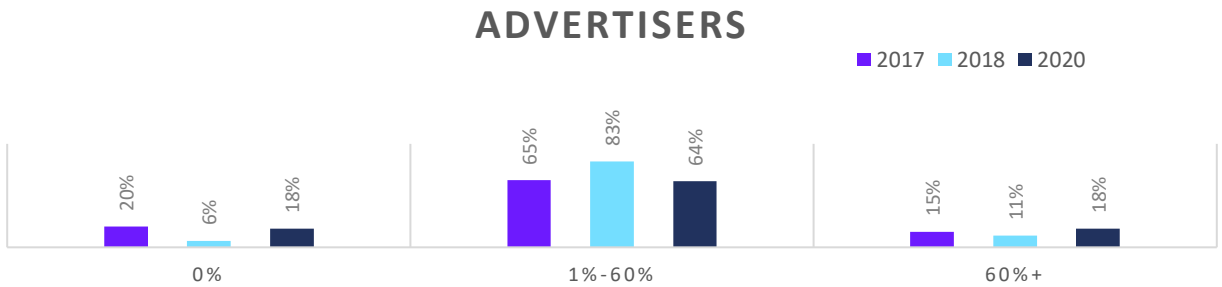
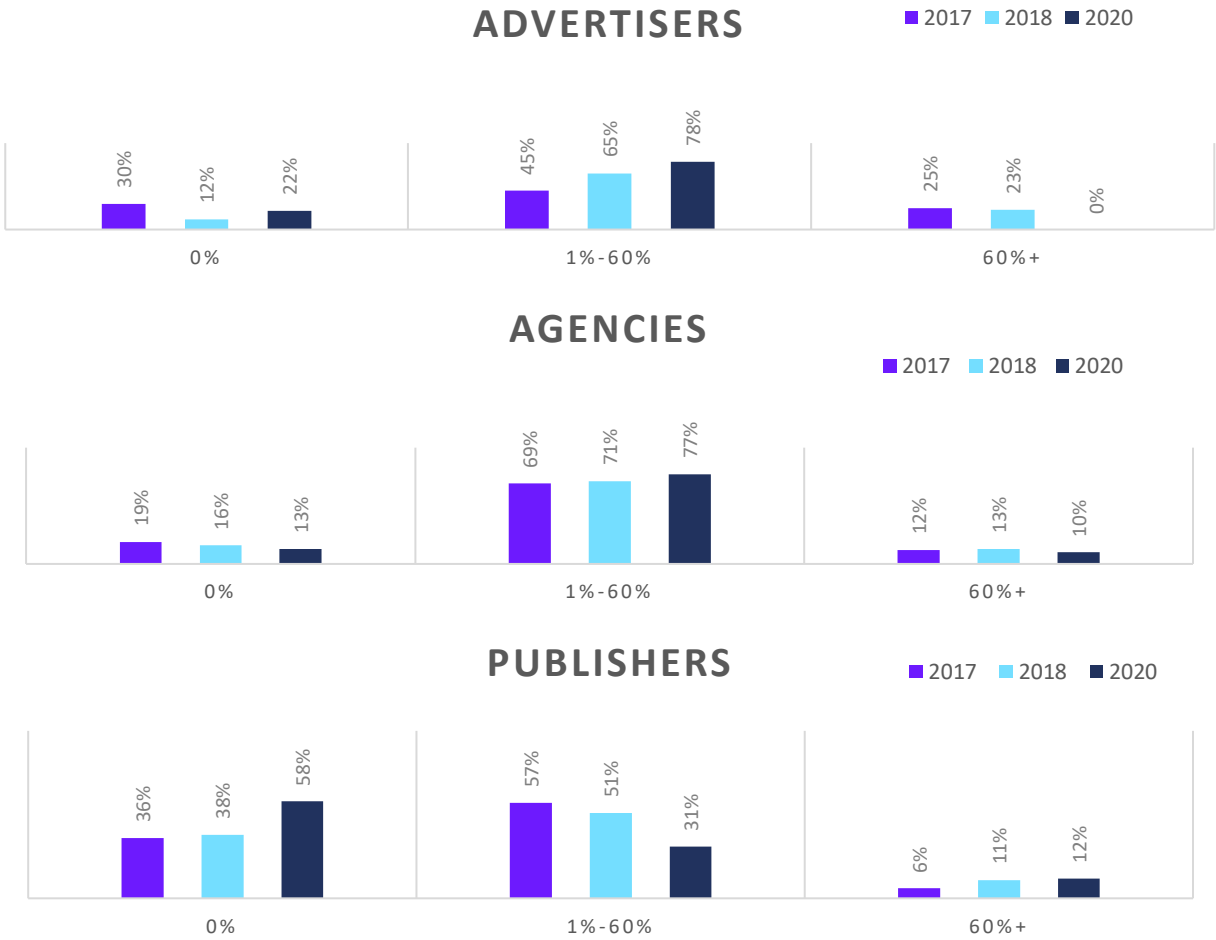


Figure 4: Percentage of annual digital video ad spend / revenue via Open RTB



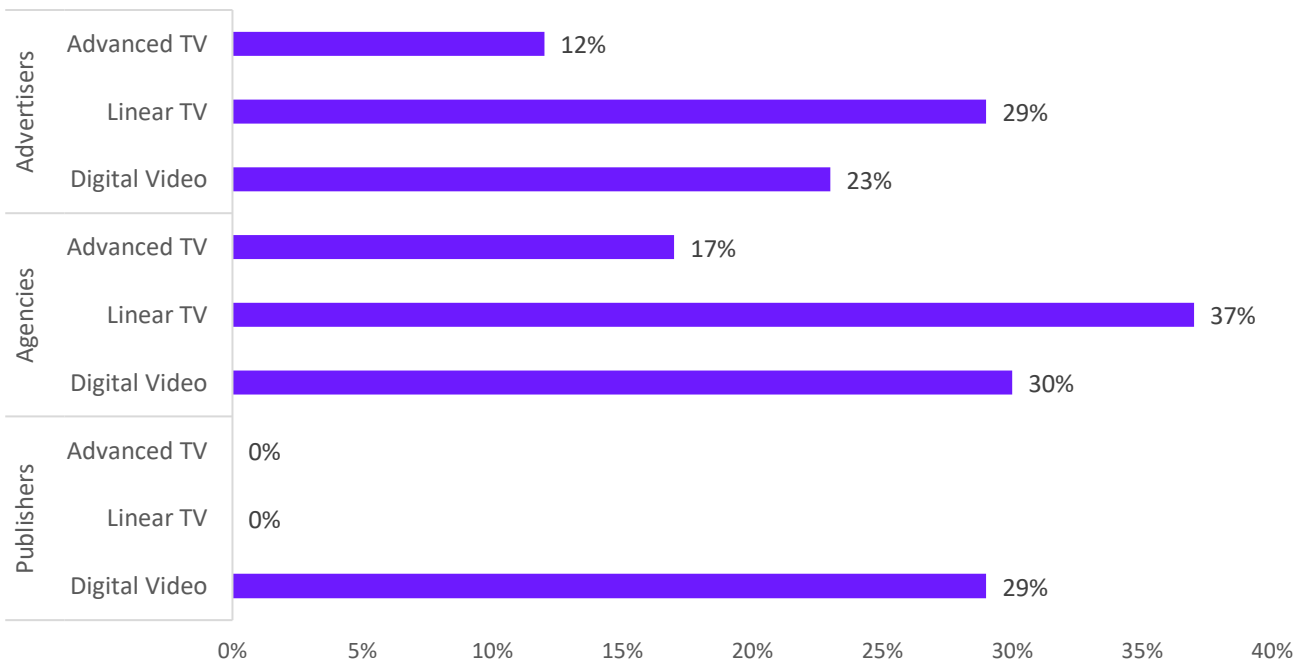
Increasing spend and revenues in mobile video

73% of advertisers are investing more than 41% of their digital video budgets in mobile in 2020 compared to 50% in 2018/19. This is reflected in publisher revenues from mobile video which increased from 91% in 2018 to 95% in 2020. As more people watch video content on their mobile devices, the nature of mobile video monetisation is changing.

Investment in advanced / non-linear TV is still low

Whilst there is a lot of growth in advanced and connected TV advertising, the actual investment numbers are still relatively low; advertisers are investing an average of 12% in advanced TV in comparison to 29% in linear TV and 23% in digital video advertising. IAB Europe recently released a [Connected TV Guide](#) to help planners and buyers of media, across both linear and digital backgrounds, navigate the opportunities that this new living room platform creates for marketers.

Figure 5: Percentage of advertising investments / revenues in Digital Video, Linear TV and Advanced TV



Outstream investments and revenues are increasing

45% of advertisers allocated more than 21% of their video budgets to outstream compared to 36% in 2018/19. 73% of advertisers allocated more than 21% of their video budgets to in-stream formats in 2020 compared to 77% in 2018/19.

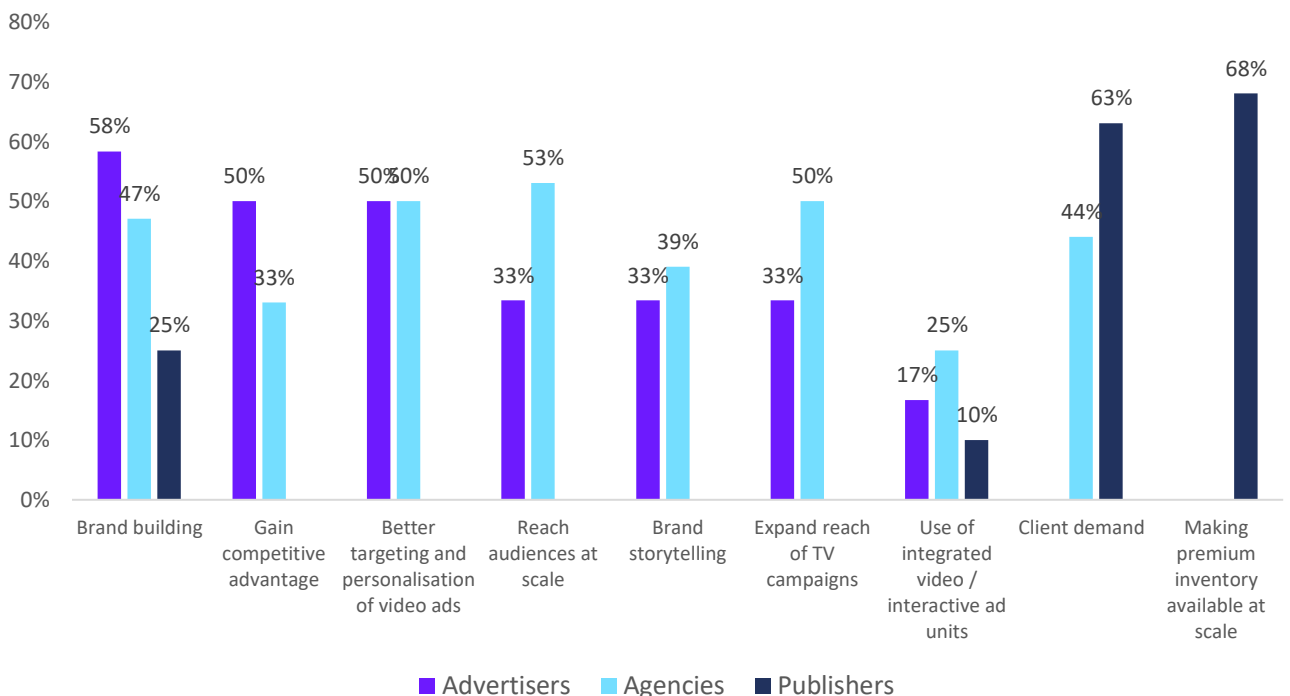
Therefore, publisher revenue from outstream inventory has steadily increased over the course of four years from 69% in 2016 to 82% in 2020, and now reached the same percentage of revenue as in-stream video formats.

Brand building, scaling inventory, better targeting and expanding reach key drivers

Brand building (58%), competitive advantage (50%) and better targeting / personalisation of video advertising (50%) are the top three drivers for digital video advertising investment amongst advertisers. More than half of agencies are driven by expanding the reach of TV campaigns (53%) and reaching audiences at scale (53%).

When asked about key drivers for publishers to consider increasing its digital video advertising investment approximately two thirds (63%) of respondents said their progress is influenced by client demand and 68% percent say it is important to make premium inventory available at scale.

Figure 6: Digital Video Advertising investment drivers

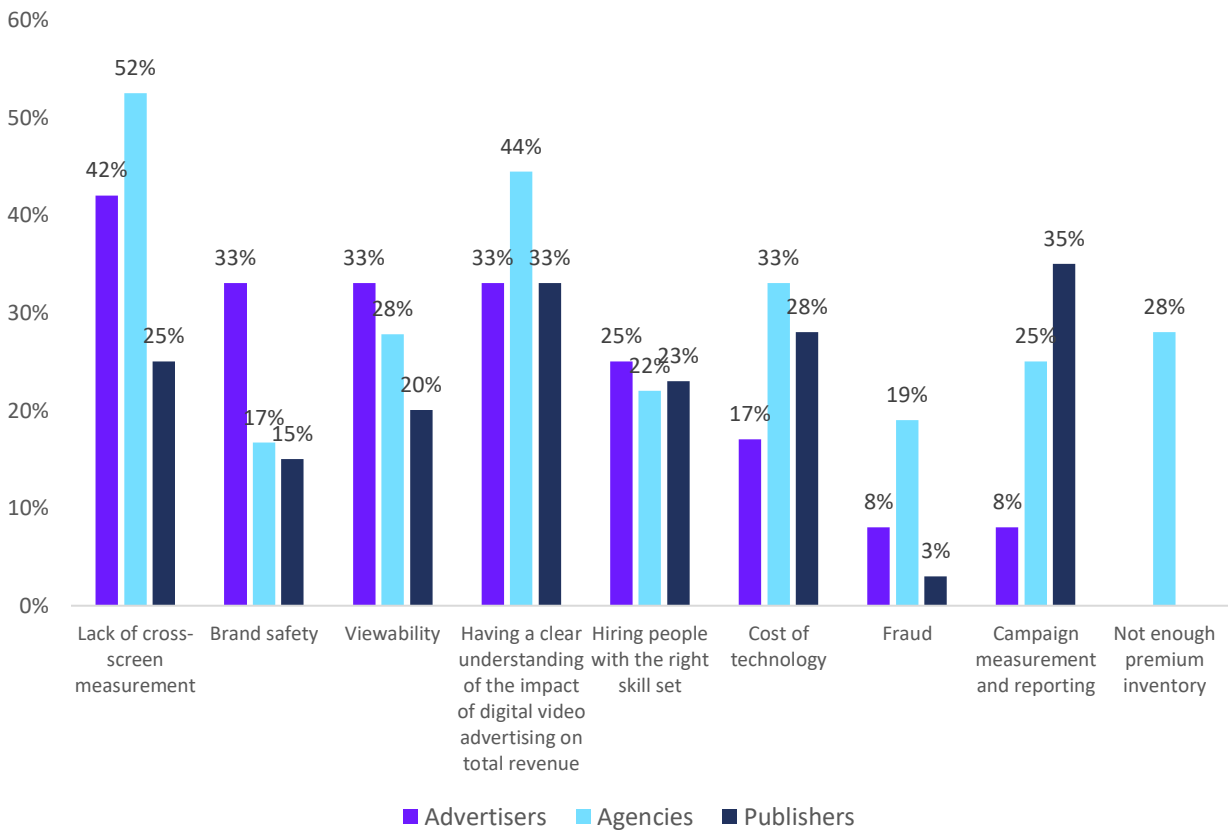


Measurement remains a bottleneck to growth

When looking at the barriers to digital video advertising investment most of them can be attributed to measurement challenges. 35% of publishers noted campaign measurement and reporting as a key challenge. Another barrier highlighted by 33% of publishers is a lack of a clear understanding of the impact of digital video advertising on total revenue.

42% of advertisers and 53% of agencies cite a lack of cross-screen measurement as the biggest barrier to digital video advertising investment highlighting the single biggest challenge for the industry to solve is consistent measurement across media channels.

Figure 7: Digital Video Advertising investment barriers



Section 3 – Objectives and Measurement

Digital video advertising’s role is still being leveraged as an additional touchpoint to drive brand awareness when combined with TV advertising and whilst advertisers hope this combination will increase sales KPIs, both agencies and publishers expect ad recall as the secondary driver of this combined media channel effort.

Figure 8: Advertising metrics uplifted by combining Digital Video and TV Advertising

	Advertisers				Agencies				Publishers			
	2016	2017	2018	2020	2016	2017	2018	2020	2016	2017	2018	2020
Advertising recall	33%	32%	55%	45%	47%	32%	41%	51%	32%	25%	29%	61%
Brand awareness	67%	48%	60%	64%	67%	60%	55%	83%	58%	26%	41%	68%
Brand familiarity	18%	24%	25%	9%	23%	21%	26%	40%	27%	5%	16%	37%
Brand affinity	31%	28%	15%	18%	29%	25%	33%	26%	30%	9%	16%	37%
Purchase intent	29%	28%	35%	27%	40%	25%	31%	23%	27%	19%	31%	32%
Direct response, e.g. uplift in direct site visits and search behaviours	N/A	24%	25%	27%	N/A	23%	24%	31%	N/A	9%	8%	34%
Viewability rates	68%	48%	55%	18%	63%	47%	41%	31%	76%	49%	57%	24%
Effective incremental reach	N/A	N/A	N/A	45%	N/A	N/A	N/A	46%	N/A	N/A	N/A	47%
Sales KPIs	30%	32%	45%	55%	31%	28%	24%	14%	23%	16%	29%	45%

Both advertisers and agencies believe that investing in digital video ads will deliver on better targeting and personalisation, whilst publishers believe this investment will allow for premium inventory to become available at scale.

This disparity between demand side and supply side further enforces the difference between the measurement expectations across each.

Measurement remains a concern for over half (52%) at agencies for investing in digital video ads, namely the lack of cross-screen measurement further enforced by not having a clear understanding of the impact of digital video advertising on total revenue (44%). Whilst both publishers and ad tech vendors focus on offering completion rate instead.

Publishers are aware that a barrier to entry is the ability for campaign measurement and reporting, however metrics prioritised across agencies, advertisers and publishers do differ.

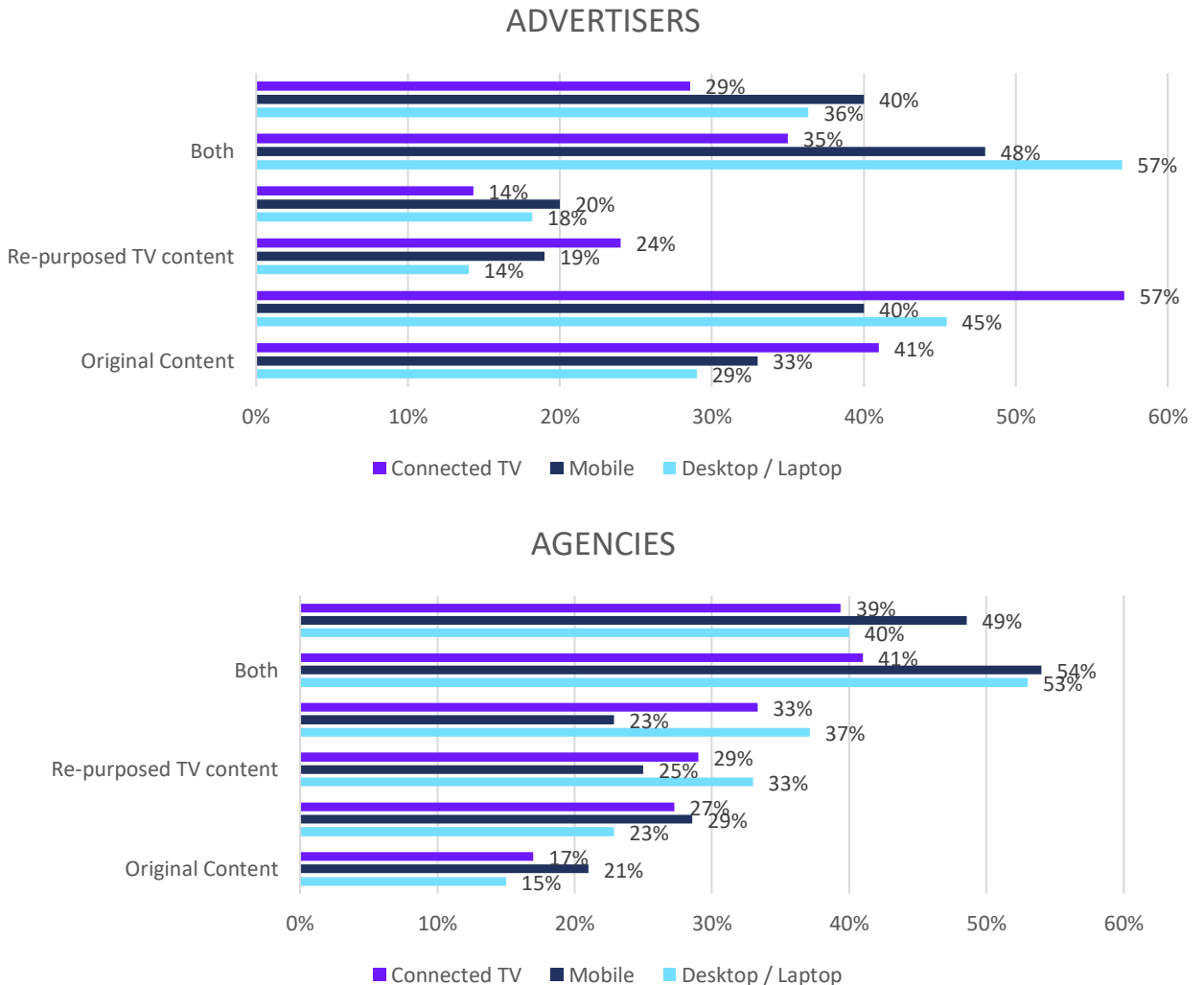
Agencies are still measuring digital video ads by cost per completed views (CPCv) (rising to 74% from 67% in 2018). Whilst advertisers are looking for metrics like reach and frequency (64% up from 55% in 2018) and click on advertisement (64% up from 30% in 2018). This shows a change in advertiser focus since 2018, where there is a greater expectation of the digital advertisement to become an environment to engage with the consumer. Publishers mainly offer Cost per mille (CPM) (92%) and CPCv (58%) metric reporting.

This further enforces a need for transparency across digital measurement.

Section 4- Cross-Screen Advertising

Cross-screen advertising and measurement continues to be a hot industry topic in 2020 but we continue to see a trend towards increased cross-media planning. In 2020, media agencies stated that 86% of campaigns have at least some aspect of cross media planning compared to 81.5% in 2019. Encouragingly, there is also a clear trend toward more original content being produced for desktop, mobile and connected TV devices. In 2020, media agencies stated that campaigns comprising content designed specifically for the intended device was now more than 26% of all activity. This is up from 17.5% in 2019 marking a real shift in the sophistication in which content is being produced to best suit the platform and consumer. This trend is even greater according to advertisers, who state that original content has jumped from 34% to 47.5% in just a year.

Figure 9: Type of content used for Digital Video Advertising



For both advertisers and agencies, there is consistency year on year in terms of the metrics perceived to be uplifted through using both linear TV and digital video together. Brand awareness continues to be the metric that most buy-side players believe is impacted by cross-screening. Effective incremental reach is still deemed to be an important metric which is uplifted by cross-screen advertising with 45% of buy-side respondents agreeing. But year on year, this figure has declined. This decline is perhaps not surprising as the report highlights that only 5.5% of publishers offer this as a success metric. In this regard, there is a huge opportunity for the buy-side to better-demonstrate its reach and incremental reach building capability if further in-roads are to be made into the large linear TV budgets.

Section 5 – Future of Digital Video Advertising

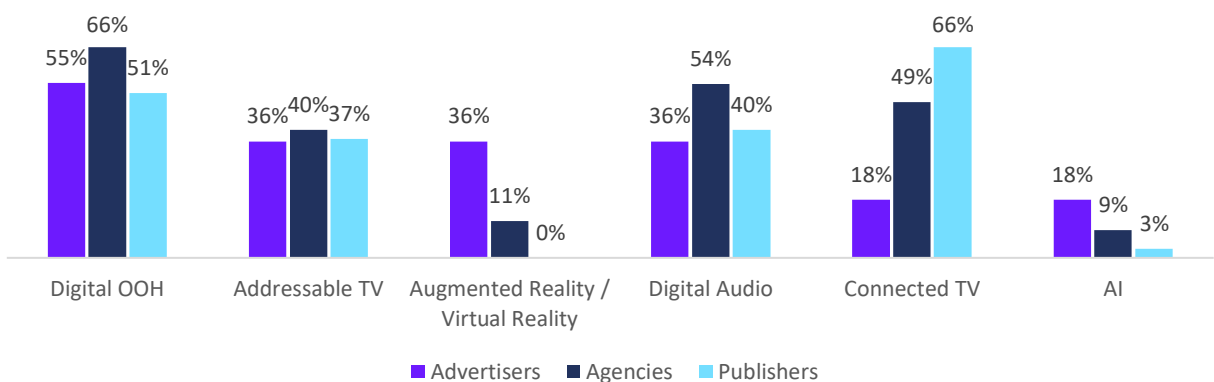
Publishers are embracing video formats to support growing user and advertiser demands, attracting more brand spend. The future formats that publishers expect to drive the most revenue in the next 12 months in order are: 71% of publishers expect in-stream to continue to drive the most revenue, followed by 55% in outstream and the final key area of investment growth according to 29% of publishers is vertical video.

On the buy-side, 73% of advertisers think interactive video will drive the most revenue in the next 12 months followed by in-stream (55%). Agencies agree with publishers and 74% expect in-stream to drive the most revenue over the next 12 months.

Where video is viewed is shifting. The majority of all stakeholders see future video advertising opportunities in addressable and connected TV viewing with 36% of advertisers citing addressable TV and 18% citing connected TV as key digital video growth areas for the next 12 months. 99% of agencies cite either addressable or connected TV as the key growth areas. On the sell-side 66% of publishers agreed that the key area of growth will be connected TV advertising. We can expect viewership for AVOD (advertiser based video on demand) to grow, as consumers turn to ad supported content to get their premium viewing fix while offsetting cost. There’s more programmatic inventory out there than ever. Brands and agencies need to reach consumers where they are, and right now they are exploring, discovering and narrowing their digital streaming viewing.

More than half of advertisers and publishers and a third of agencies also see digital video growth opportunities in digital OOH advertising.

Figure 10: Digital Video Advertising growth areas over the next 12 months



Despite the differing opinion in growth areas, the majority of respondents (88% of publishers; 85% of advertisers; 98% of agencies) agree that digital video investment will continue to grow and expect an increase in their digital video advertising spend or revenue over the next 12 months. When looking at their expected spend in linear TV, 77% of advertisers and 70% of agencies expect there to be no change or a decrease.

Contributors

IAB Europe would like to thank the following contributors who helped to author this Report



Falguni Patel, Head of Business Development, Nielsen



Maria Shcheglakova, Marketing Director EMEA, PubMatic



Phil Sumner, VP insights, Northern Europe, Teads

Marie-Clare Puffett

Marketing & Industry Programmes Manager
puffett@iab europe.eu


Helen Mussard

Marketing & Industry Strategy Director
mussard@iab europe.eu



iab europe
Rond-Point Robert
Schumanplein 11
1040 Brussels
Belgium

 @iab europe

 /iab-europe

iab europe.eu

iab europe