

THE STATE OF MOBILE VIDEO ADVERTISING

USA | 2018

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INTRODUCTION

Over the past few years, user consumption patterns have undergone significant transformation. People have moved away from desktops and have embraced the ease and convenience of mobile devices.

In 2018, mobile ad spending in the US is estimated to reach \$70 billion, a 200x increase since 2008 alone! By 2021, this figure is slated to touch \$102 billion, a 46% increase over 2018. All in all, by 2021, advertisers and marketers in the US will be allocating approx. 40% of their total media budgets to mobile advertising.

As a result, video consumption on various mobile devices has seen an exponential rise, especially on smartphones. Just five years ago, adults in the US spent twice the amount of digital media time on desktop compared to mobile devices. Today, this statistic has almost completely reversed with 1.5x more media time being spent on mobile devices than desktops.

This explosion of mobile video consumption has fueled major advancements in mobile video advertising. Today's advertisers demand increased metrics to ensure unprecedented levels of transparency and efficiency in their campaigns. By embracing video that is custom-tailored for the mobile device and also the behavior of a mobile user, advertisers are now able to achieve superior performance that only video can deliver.

APPROACH AND METHODOLOGY

This report explores the popularity and performance of mobile video ads around the world and tailors insights specifically to the North American market. At InMobi, we analyzed data from our network for 2017 (January – December). By delving deeper into mobile video consumption patterns worldwide, we were able to glean useful insights for advertisers to leverage to satisfy all types of marketing goals such as:

1. Driving awareness
2. Maximizing traffic to landing page
3. Interactions with a video ad
4. Media performance such as completion rates and Viewability metrics

METRICS THAT MATTER – MOBILE VIDEO ADS

CLICK-THROUGH-RATE

= Number of Clicks / Number of Impressions delivered



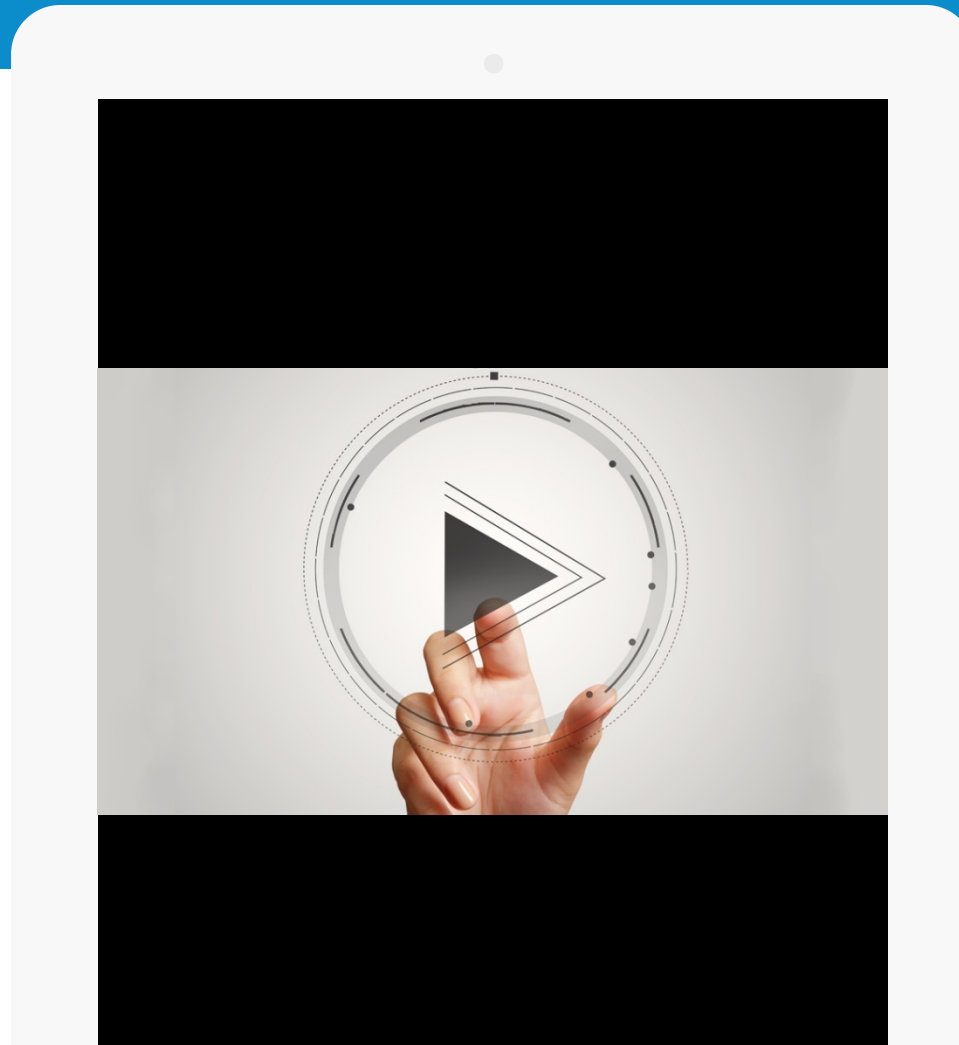
INDEXED VIDEO CTR

= Specific Video CTR / Global Average Video CTR



CONVERSION PER MILE

= (Number of App Installs / Number of Impressions delivered) * 1000



VIDEO PLAY RATE

= Number of Video plays / Number of Impressions delivered



VIDEO COMPLETION RATE

= Number of Video Ads Completed / Number of Video Ads Played



INVALID TRAFFIC RATE

= (Impressions delivered to non-human end point / total unfiltered impressions)

KEY VIDEO INSIGHTS FOR USA

- USA leads with 50% share of video spends and consumption; demand for video grows by 176%**
The share of time spent inside mobile apps is growing, so is the video viewing time inside apps. As the number of digital video viewers increase by 10% between 2016 – 2020 to 235.9 million, North America and USA in particular will continue to enjoy rising investments in mobile video advertising to capitalize on the growing demand. In 2017 alone, spends on mobile video ads grew by 150% in the US as video viewing grew by 176% on the InMobi network.
- 94% video viewability rate delivered to US advertisers**
Brand advertisers across countries can track and measure Viewability around the world to ensure minimal wastage of the budgets. USA ranks #7 with 94% video ad viewability rate as reported by the MOAT dashboard. With a 0.2% invalid traffic rate, brand advertisers can be rest assured that their investment is reaping them high returns.
- America runs on programmatic**
91% of all brand advertiser spends in 2017 occurred on programmatic channels, thanks to its superior efficiency and transparency. Unbelievably, spends on programmatic grew by 136% Y-o-Y in the US, further bolstering the pivotal role of programmatic buying.
- SDK-level integration delivers better CTRs and assists with Viewability measurement**
Brand campaigns that ran on SDK-level integrated inventory, enjoy pre-cached videos which enable faster loading creating a highly enjoyable experience for users, delivering >10X higher CTRs compared to the performance of API integrated advertisers. Additionally, it gives advertisers access to Viewability dashboards offering transparency in reporting.
- Retail, mCommerce and F&B advertisers spend heavily on mobile video**
The power of sight, sound and motion plays a big role in influencing consumers of their buying decisions. While a picture is worth a thousand words, in today's world, a video is worth a thousand pictures. Hence it comes as no surprise that advertisers across industry verticals are spending on mobile video to stay top of the consumer's mind.

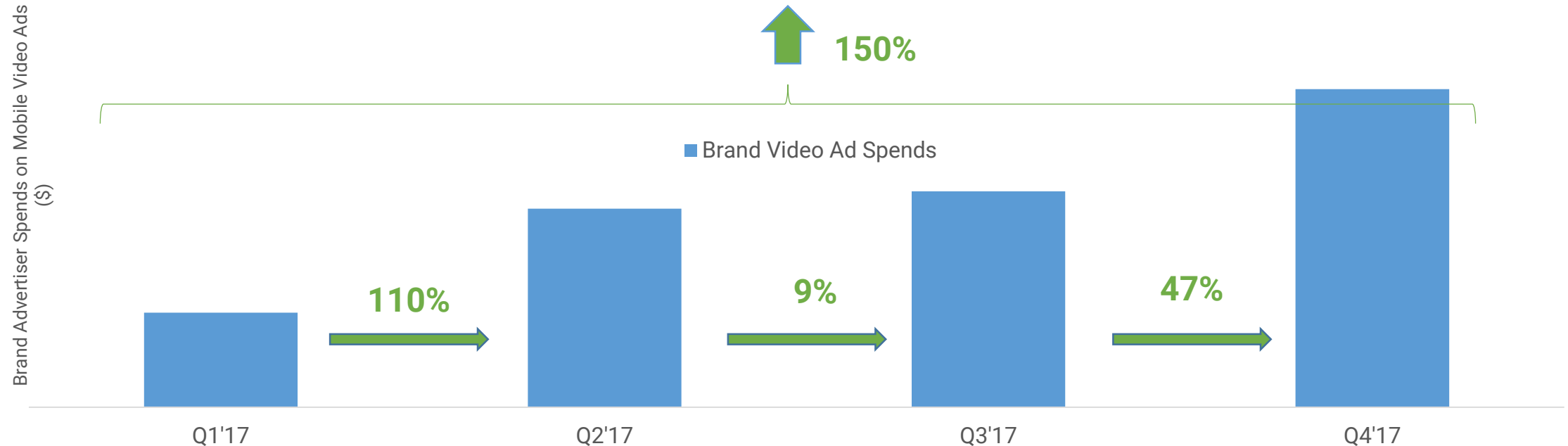
THE GROWING MOBILE VIDEO ADVERTISING ECONOMY OF USA

VIDEO AD SPENDS EXPLODE:

150% GROWTH IN BRAND ADVERTISER SPENDS ON VIDEO ADS IN USA

- In 2018, brand advertisers are estimated to spend **\$7 billion**, a **2000x** increase since 2008 alone!
- By 2021, this figure is slated to touch **\$10.8 billion**, a **50%** increase over 2018.
- All in all, by 2021, advertisers and marketers in the US will be allocating approx. 11% of their total mobile advertising to video, up from 1% in 2008.
- To capitalize on this burgeoning set of digital viewers, brand advertisers in the US have increased their mobile video ad spends to stay ahead of the consumer demand for video.

Quarterly Growth in Brand Advertiser Spends on Mobile Video

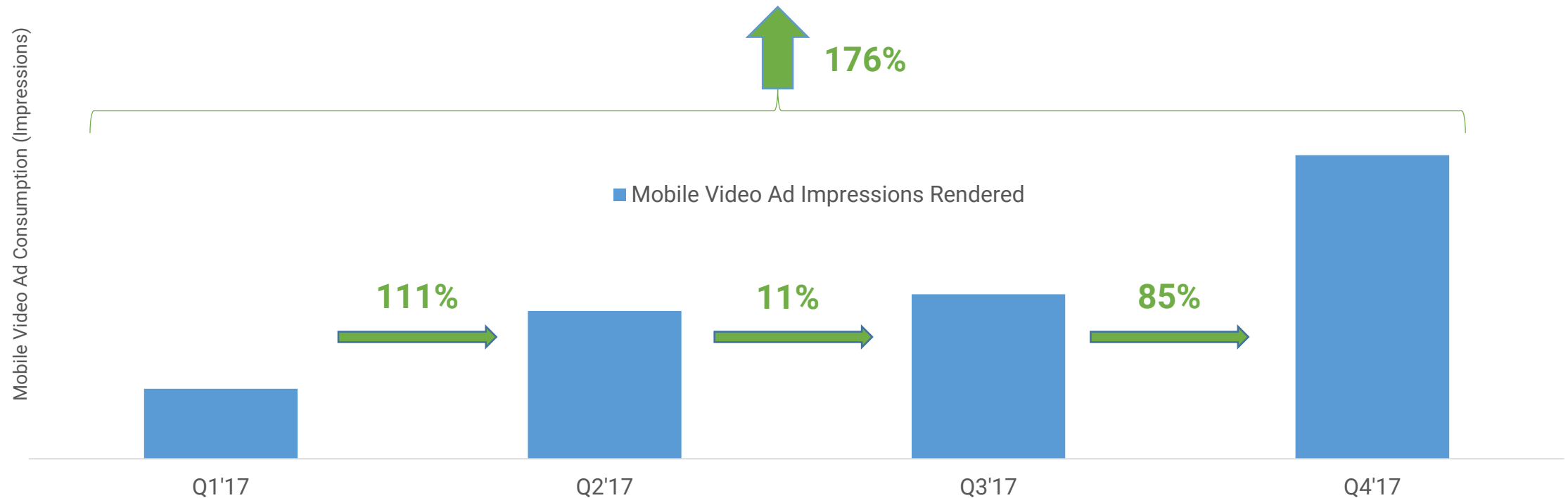


GROWING DEMAND FOR VIDEO ADS:

176% GROWTH IN MOBILE VIDEO AD CONSUMPTION IN USA

- Video has become the new favorite form of content consumption for people in the US, especially on their mobile devices. With a 176% Y-o-Y growth in mobile video ad viewership, video ad consumption in the US is exploding and so is the consumption of mobile video ads.
- Digital video viewers in the US are slated to increase by **82%** Y-on-Y to reach **227.5 million** in 2018. By 2021, it is expected to further increase by **80%+** Y-o-Y such that there will be **239.2 million** digital video viewers in 3 years from today. ¹

Quarterly Growth in Mobile Video Ad Consumption in USA



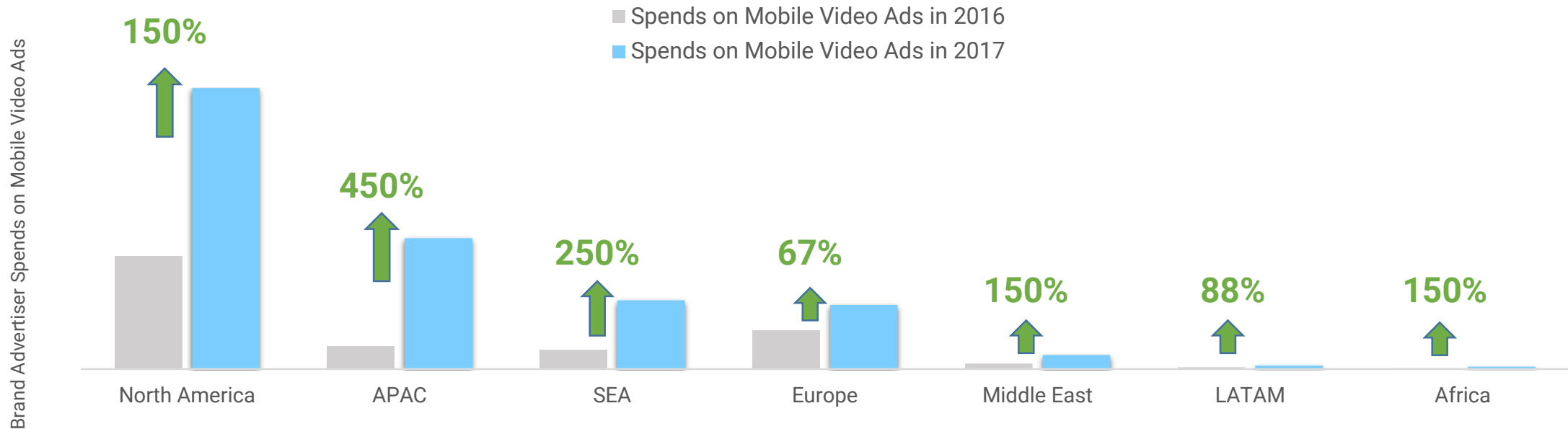
A GLOBAL OVERVIEW
OF
MOBILE VIDEO ADVERTISING

REGIONAL VIDEO LANDSCAPE:

NORTH AMERICA LEADS MOBILE VIDEO AD SPENDS WORLDWIDE

- North America leads the global mobile video ad market with 50% share of all video ad budgets, and witnessed a **150%** Y-o-Y growth in brand advertiser spends on video.

Brand Advertiser Spends on Mobile Video Ads Across Regions

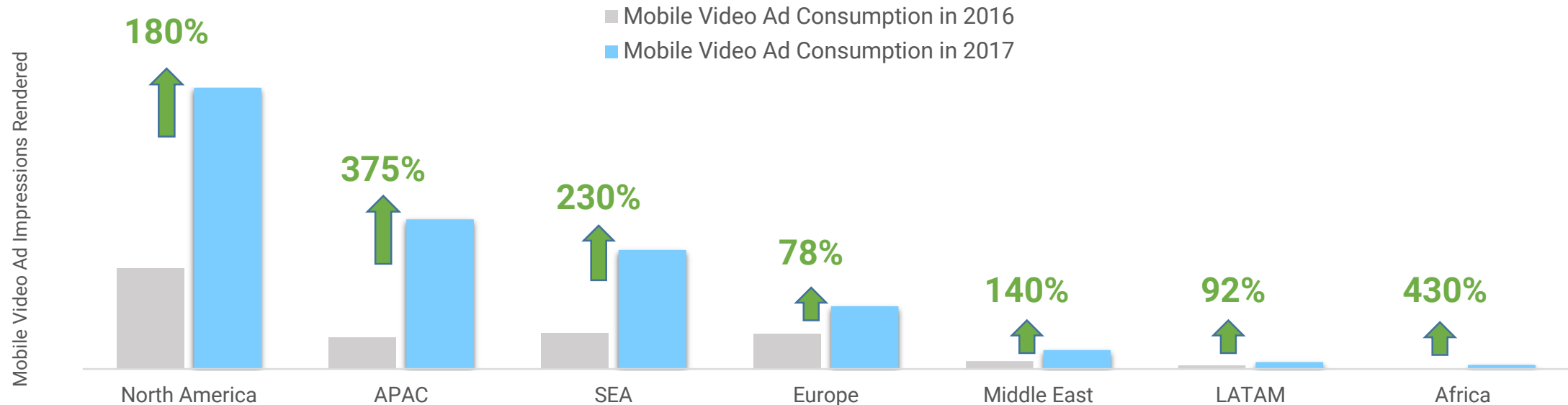


REGIONAL VIDEO LANDSCAPE:

NORTH AMERICA LEADS MOBILE VIDEO AD CONSUMPTION WORLDWIDE

- North America is the largest consumer of mobile video ads, accounting for **44%** share of all video ad impressions.
- Moreover, with a **180% Y-o-Y** increase in video ad consumption via mobile devices, the demand for video ads is only expected to grow further.
- Interestingly, video viewing is skewed heavily towards apps with US adults spending over 20 minutes daily in apps vs. 11 minutes per day on mobile web.

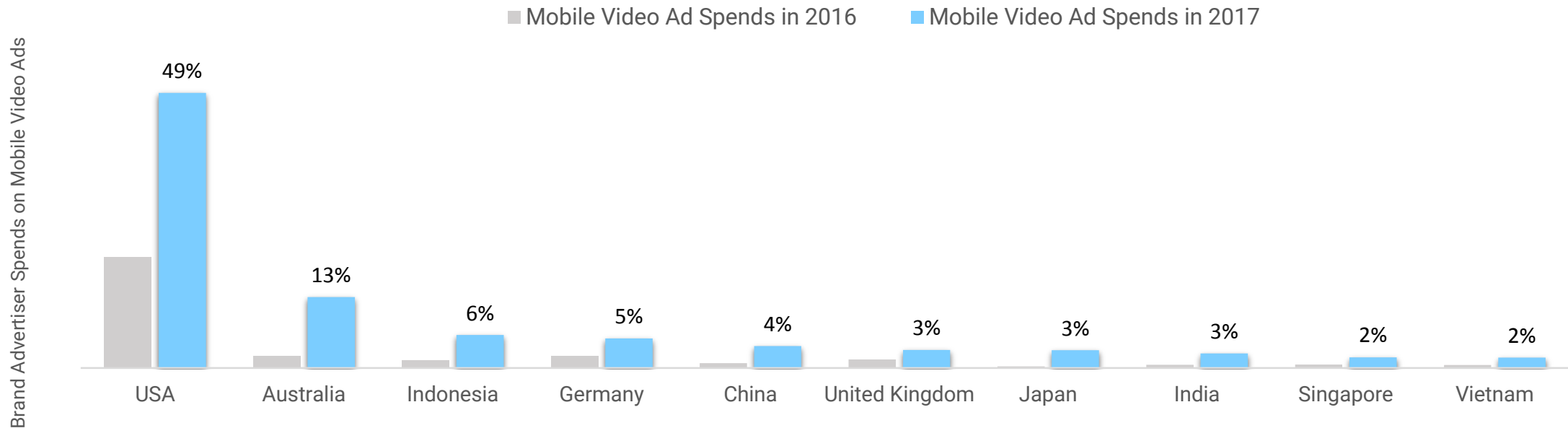
Shifting Mobile Video Ad Consumption Around the World



TOP VIDEO AD SPENDERS: USA TOPS THE WORLD IN MOBILE VIDEO AD SPENDS

- USA is the biggest brand market for advertisers the world over. It attracts the largest share i.e. 49% of advertiser spends on mobile video.
- With digital video viewership and demand for mobile video ad on the upswing, brand advertisers will continue to increase their spending on video to capitalize on the growing demand.

Top 10 Mobile Video Advertising Markets by Ad Spends

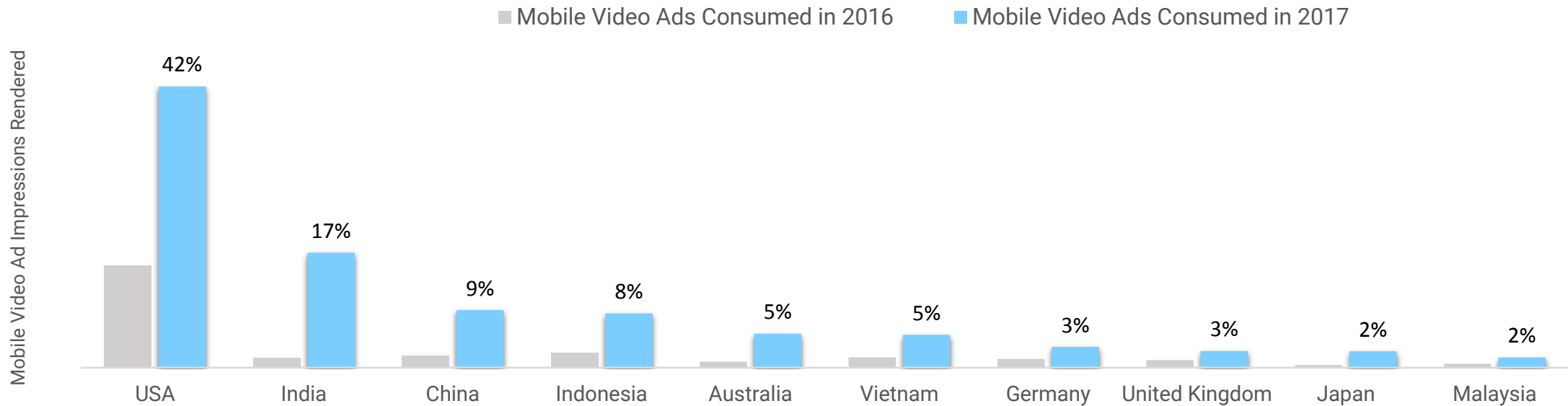


TOP VIDEO AD CONSUMERS:

USA LEADS THE WORLD IN MOBILE VIDEO AD CONSUMPTION

- It is no surprise that USA leads the world in mobile video ads consumed with 42% share, measured by the number of impressions rendered on the user's screen.
- With a Y-o-Y growth of 382%, Chinese brand advertisers are aggressively investing in video advertising to effectively reach their audiences.

Top 10 Mobile Video Ad Consumer Markets

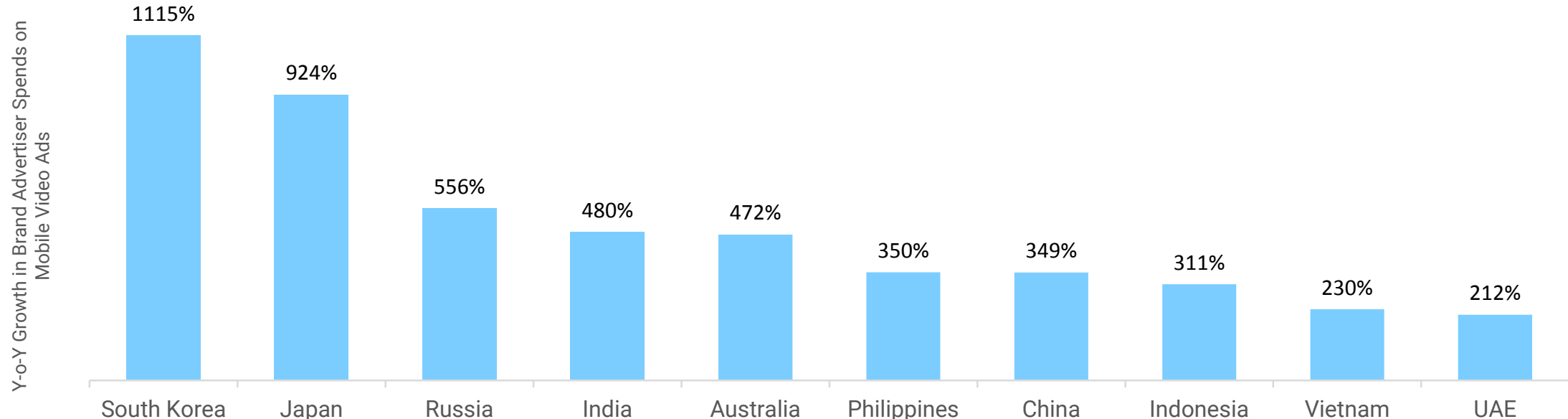


GROWING NATIONS OF VIDEO ADVERTISING:

SOUTH KOREA RECORDED THE HIGHEST GROWTH IN MOBILE VIDEO AD SPENDS

- South Korea, by far recorded the highest Y-o-Y growth of **>1000%** in mobile video advertising, making it one of the south after destinations for video advertising

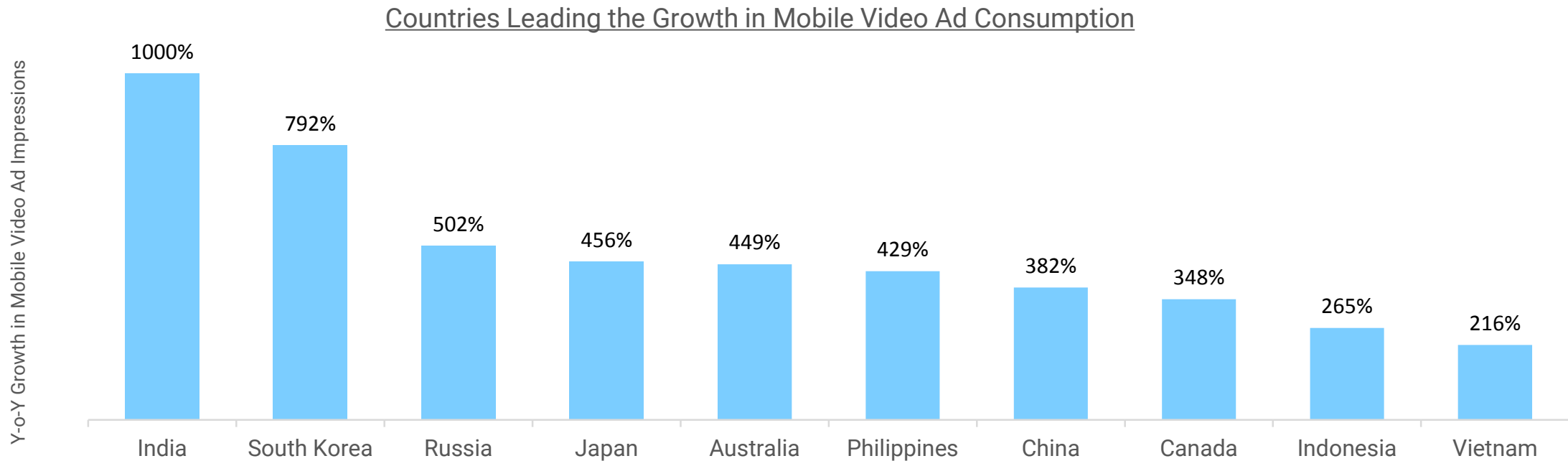
Countries Leading the Growth in Brand Advertiser Spends in Mobile Video Ads



GROWING CONSUMERS OF VIDEO ADS:

SOUTH KOREA LEADS GROWTH IN CONSUMPTION OF MOBILE VIDEO AD

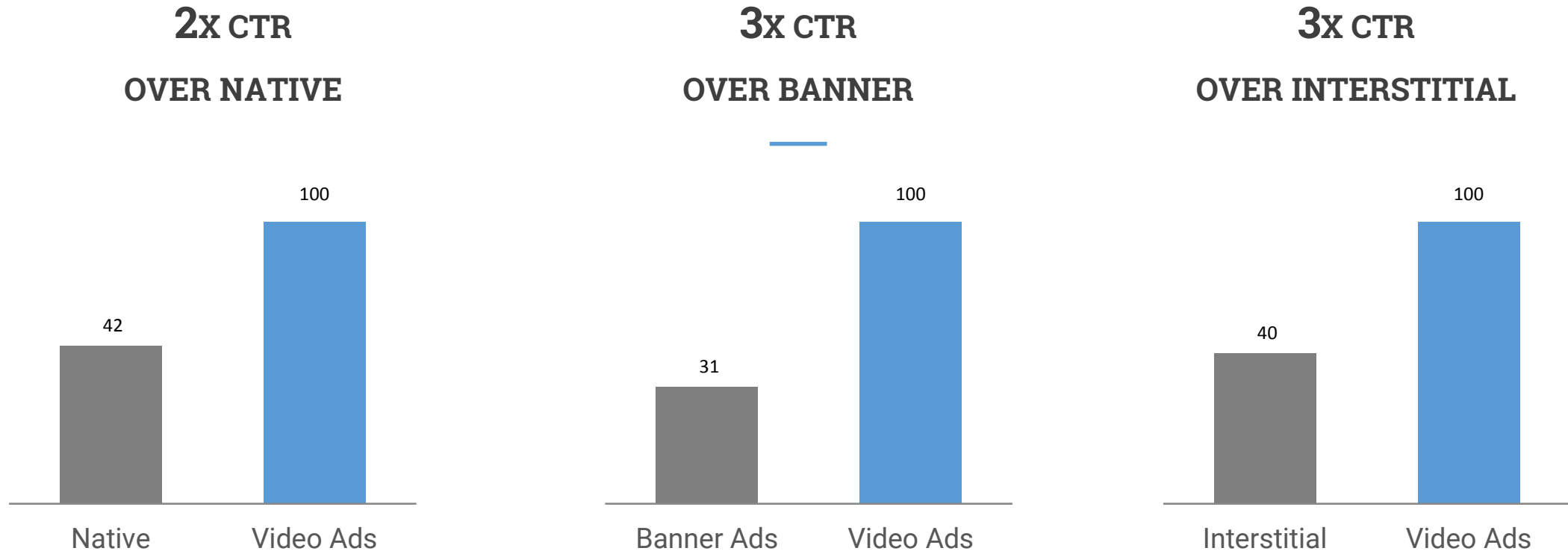
- South Korea, by far recorded the highest Y-o-Y growth of **792%** in consumption of mobile video ads.



REAPING THE REWARDS
WITH
MOBILE VIDEO ADVERTISING

VIDEO ADS DRIVE HIGHER USER ENGAGEMENT

- Video ads are the most valuable channel available to advertisers today.
- It not only allows for superior storytelling but the interactivity of video ads ensures a higher user engagement delivering above average CTRs compared to Banner Ads.

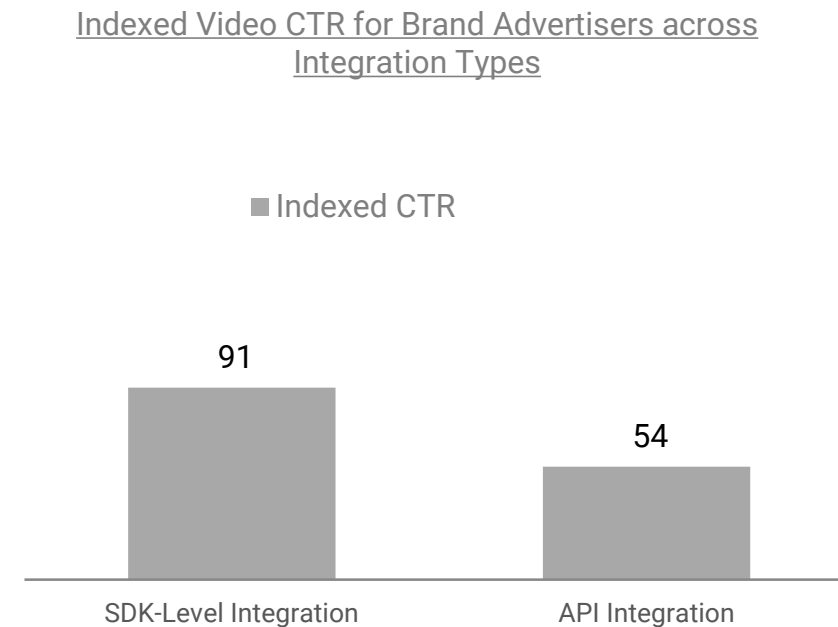
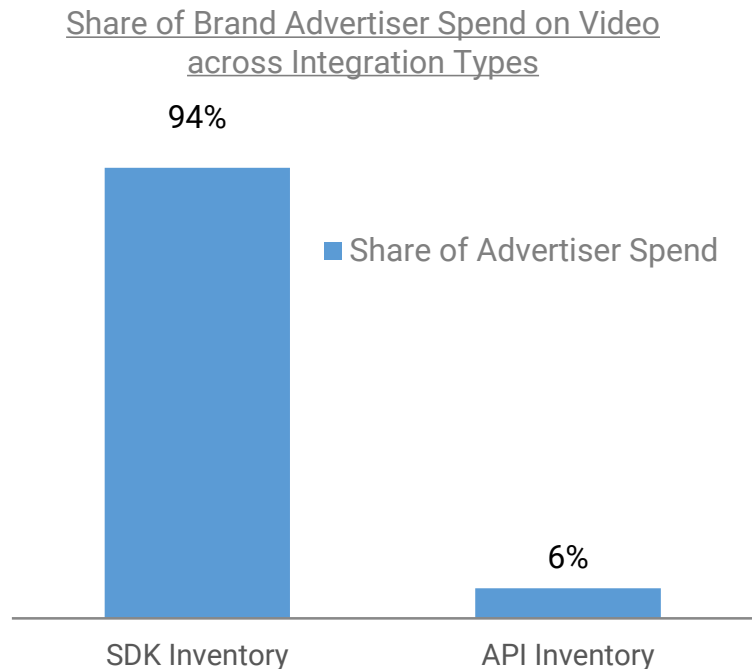


Engagement, as measured by CTR. Video Indexed CTR = (CTR/Global Average Video CTR)*100. The Global average CTR Index = 100.

Based on 2017 data from the InMobi network

ADVERTISERS ENJOY HIGHER RETURNS WITH SDK-LEVEL INTEGRATION

- A native in-app mobile video is a mobile-first video ad format that leverages the native video player of the device to deliver video ads. Such a format runs on SDK inventory where video ads are pre-cached hence reducing video ad-load speeds. Hence it creates a buffer-free user experience, while boasting of higher user engagement and completion rates for brand advertisers. Moreover, with an SDK integration, there is zero chance of fraudulent reporting.
- Advertisers are able to deliver a superior user experience thus attracting **70%** higher CTRs when using SDK integrated inventory compared to API-integrated ones.



- Engagement measured as CTR. Indexed CTR = (CTR/Global Average Video CTR)*100. Global Average Video CTR Index = 100
- Integration types can be – SDK, API and Native in-app video.
- Based on 2017 data from the InMobi network

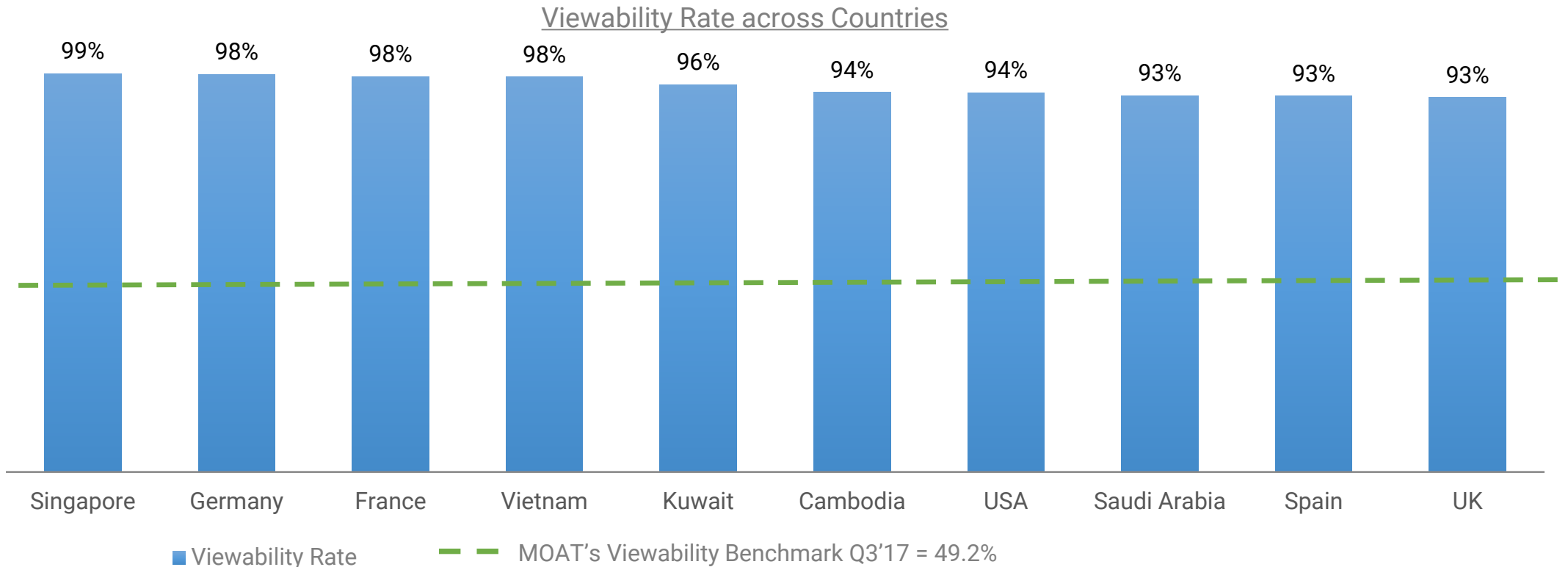
USA VIEWABILITY METRICS

- The arrival of MRC’s Viewability Guidelines* provided a single globally accepted definition for mobile video Viewability. As Viewability of ad impressions takes center stage, brand advertisers must demand MRC-compliant metrics for their ad campaigns. Third party verification measurement partners such as MOAT are incorporated directly into InMobi’s SDK resulting in cleaner metrics and the option to optimize the campaign on Viewability metrics.
- InMobi’s DMVR approach delivers 2x better than the MOAT Viewability benchmark for November 2017.
- Additionally, only 0.2% of the traffic is invalid against the MOAT benchmark of 0.3%, thus delivering superior efficiency for advertising dollars spent.

<u>Viewability Metrics</u>	<u>InMobi Score</u>	<u>MOAT Benchmark</u>
Average Human and Viewable Rate	93.84%	49.20%
Average IVT Rate	0.2%	0.30%
AVOC Rate	23.12%	24.70%
MOAT Video Score	54	50

USA BOASTS OF 94% VIEWABILITY RATE FOR VIDEO ADS DELIVERED IN 2017

- Viewability rate for mobile video ads is 2x MOAT’s latest benchmark, delivering >90% across countries.
- USA boasts of 94% viewability rate for all video ads delivered in 2017.
- Brand advertisers across countries can track and measure Viewability around the world to ensure minimal wastage of the budgets.

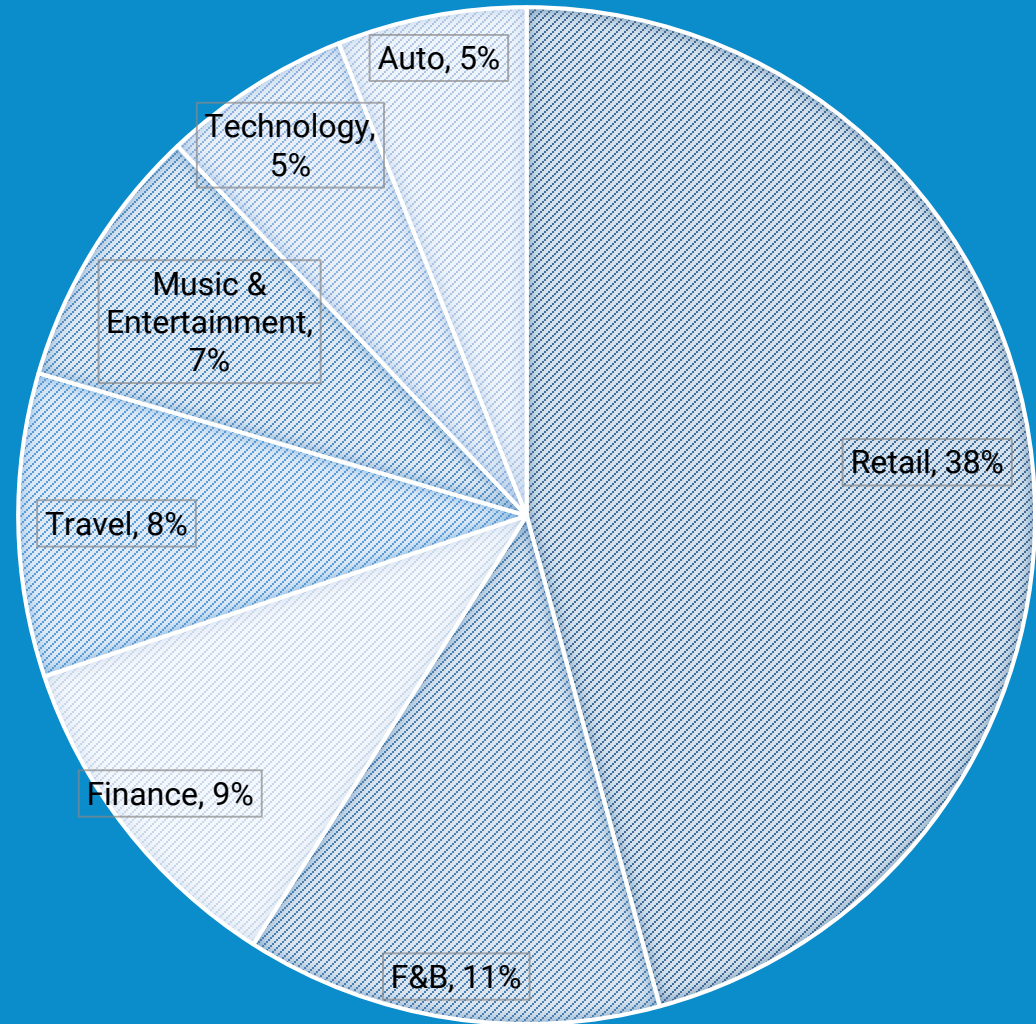


CONSUMER BEHAVIOUR
ON
MOBILE VIDEO ADS

RETAIL & F&B INVEST HEAVILY IN MOBILE VIDEO ADVERTISING

- Given the superior performance delivered by mobile video ads, advertisers across verticals are investing in video advertising on mobile.
- Advertisers from the Retail and F&B vertical rank #1 and #2 in their spends on mobile video ads with a share of 38% and 11% respectively.

TOP BRAND ADVERTISER CATEGORIES SPENDING ON MOBILE VIDEO ADS

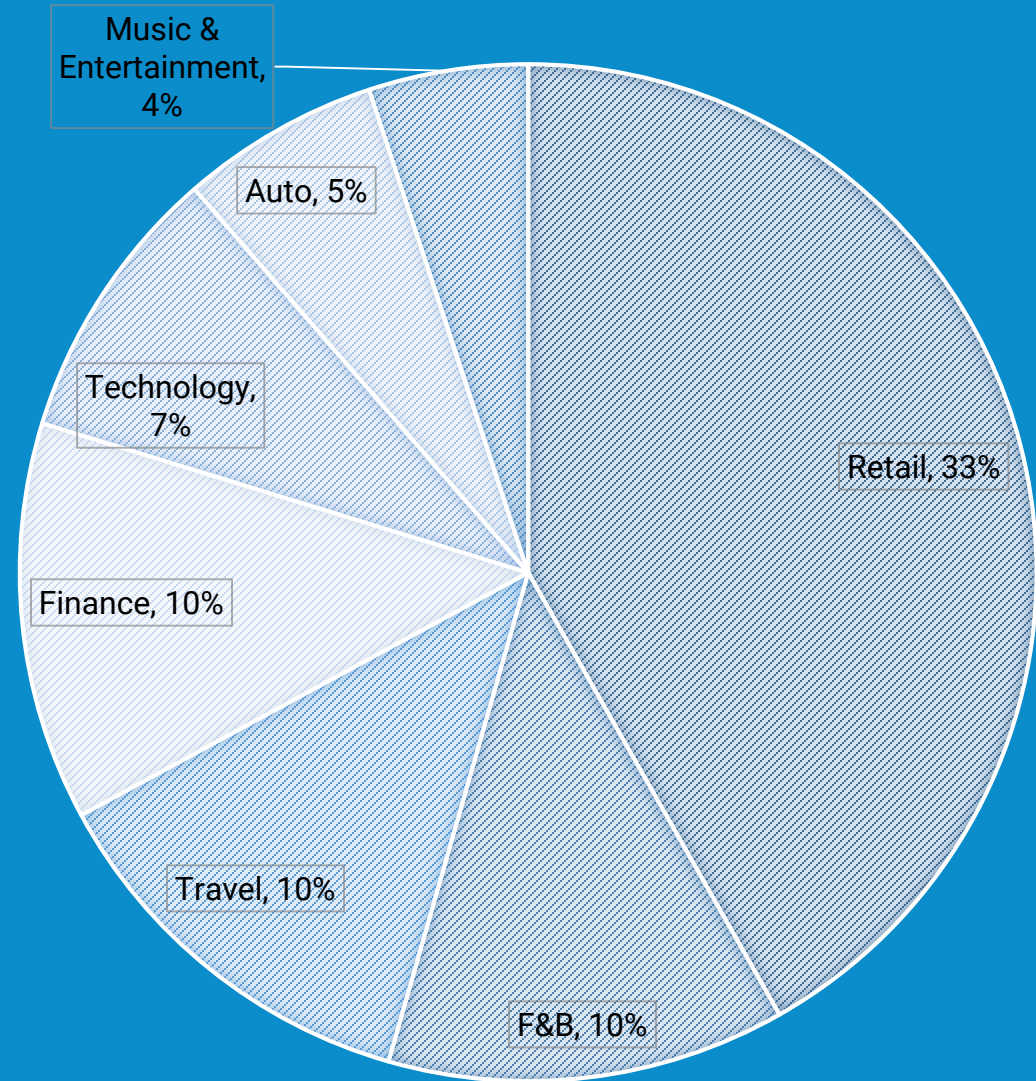


- Video Ads Consumed = Share of Video ad impressions rendered
- Based on 2017 data from the InMobi network

AMERICANS LEAN TOWARDS RETAIL VIDEO ADS ON THEIR MOBILE DEVICES

- Given the superior performance delivered by mobile video ads, advertisers across verticals are investing in video advertising on mobile.
- Americans displayed a clear preference for Retail related video ad content on their mobile devices.

TOP VIDEO CONTENT CONSUMED BY AMERICANS ON THEIR MOBILE DEVICES



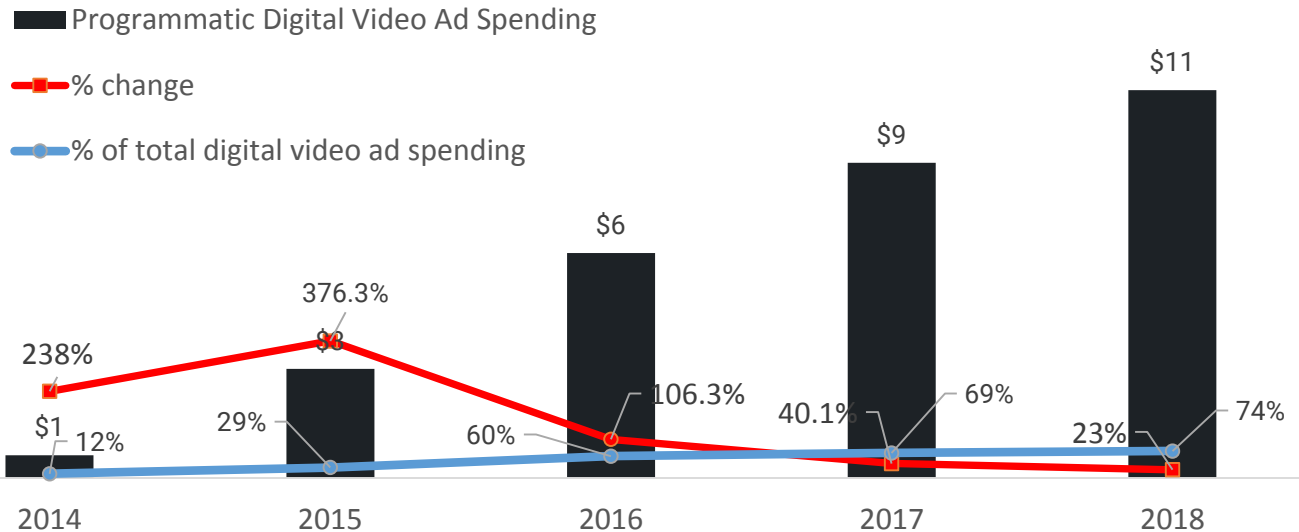
• Video Ads Consumed = Share of Video ad impressions rendered
 • Based on 2017 data from the InMobi network

MOBILE VIDEO ADVERTISING IS PROGRAMMATIC-FIRST

91% OF ALL BRAND BUYING OCCURS ON PROGRAMMATIC CHANNELS IN THE US

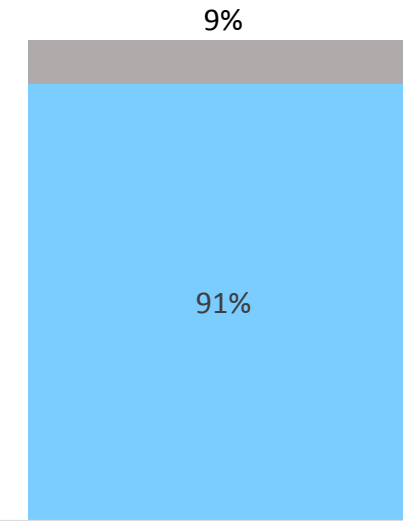
- Programmatic transacting of video touts the benefits of rich and diverse data sources, efficiencies of automation, and transparency of targeting and reporting.
- In 2018, programmatic digital video ad spending is estimated to reach \$11 billion, representing 74% of total digital video ad spending.
- On the InMobi network, >90% of all brand advertiser budgets are spent via programmatic channels.

US Programmatic Digital Video Ad Spending (in billions), 2014 - 2018



Share of Brand Spends via Programmatic Channels

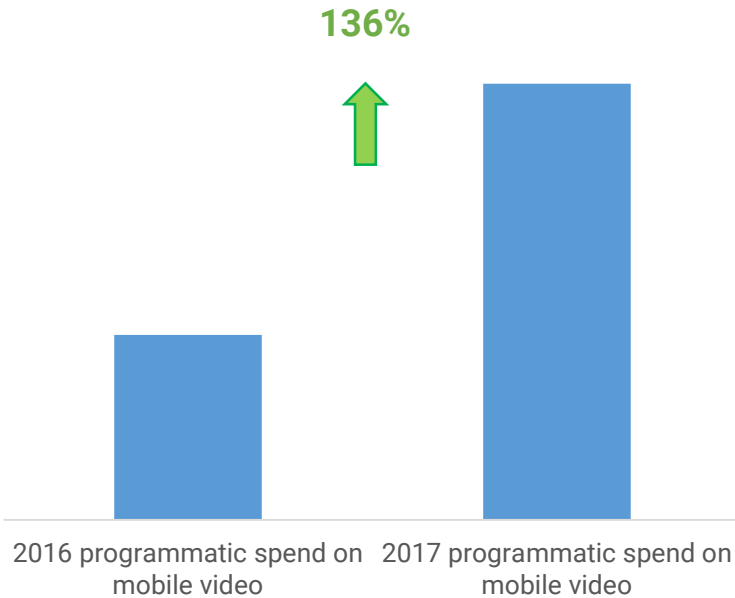
■ Spends via Programmatic ■ Spends not on Programmatic



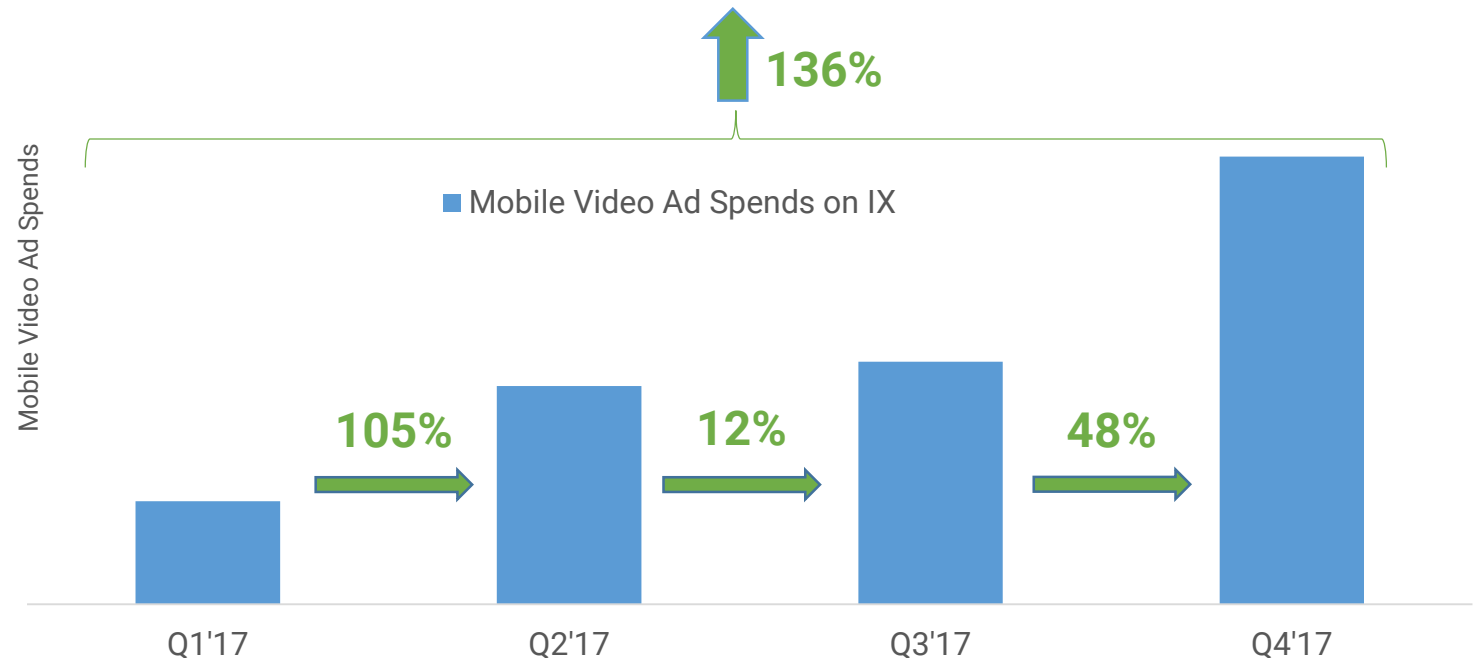
PROGRAMMATIC BUYING OF MOBILE VIDEO ADS IS THE PREFERRED WAY

- The entire mobile advertising industry is moving towards programmatic buying of inventory to satisfy the growing need for higher transparency, efficiency and control.
- At InMobi we are witnessing similar trends, with programmatic buying increasing by **136%** Y-o-Y.
- As programmatic gains popularity, advertisers across verticals are eagerly adopting programmatic as part of their advertising strategy. F&B and Retail are the biggest spenders via programmatic.

Growth in Programmatic Buying of Mobile Video Ads Worldwide



Quarterly Growth in Mobile Video Ad Spends on IX in USA



INSIGHTS TO DOING
MOBILE VIDEO RIGHT

INSIGHTS TO DOING MOBILE VIDEO RIGHT

- 1 North America is the largest consumer of mobile video ads**
North America is the hub for all in-app video ad activity – attracting the highest spends as Americans continue to be the largest set of consumers.
- 2 In-app video advertising delivers unparalleled performance**
With its superior performance and advancements in mobile-first technologies, mobile video ads are uniquely positioned to help brand advertisers weave a compelling story that surpasses performance of all other ad formats.
- 3 Integrate with SDK for higher CTRs and Completion Rates**
SDK-level integration has proved highly valuable to brand advertisers. Such advertisers enjoy >2X user engagement and almost at-par Video Completion Rates
- 4 Adopt SDK-level Integration for Independent Measurement of Viewability**
Viewability in North America (94%) is twice as much the MOAT benchmark (49.2%). By integrating at the SDK-level, advertisers are able to enjoy pre-caching of videos which leads to faster load times, translating to higher Viewability Rates and low IVT scores. Such efficiencies reduce loss of advertising dollars, delivering higher returns to advertisers.
- 5 Buy Video programmatically for full inventory transparency and better control**
Programmatic buying of digital video is forecasted to grow by 74% in 2018, spurred by the growing need for control and transparency from advertisers.¹ On the InMobi network, Programmatic buying of video ads grew by 136% Y-o-Y to account for 91% share of all video ad spends in the US.
- 6 Advertisers across industry verticals are investing in Mobile Video Advertising**
A video is worth a thousand pictures. A well made video can influence buying decisions, increase brand recall and retain mind and wallet share amongst consumers. Advertisers across verticals are leveraging this powerful medium to engage and retain their consumers.

ABOUT US

InMobi is a global mobile advertising platform that specializes in delivering the best ROI for mobile marketers. A mobile-first and mobile-only platform, InMobi has been pioneering the next generation of ad experiences, including video advertising, on the back of deep learning based optimization engines.

InMobi platforms help brands, performance marketers and app publishers engage mobile users across different stages of their lifecycle, converting each mobile moment into an opportunity to drive engagement and revenue. Recognized by Fast Company as one of The Most Innovative Companies in 2016, InMobi reaches over 1.5 billion unique mobile devices worldwide, and is redefining business models for the mobile ecosystem. For more information, visit

www.inmobi.com

contactus@inmobi.com

WE ARE A TECHNOLOGY POWERHOUSE

The global scale & reach of our full-stack advertising platform helps brands nudge mobile users across different stages of their lifecycle, converting each mobile moment into an opportunity to drive engagement & revenue.



1.5 BILLION+

UNIQUE MOBILE
DEVICES



20,000+

GLOBAL
ADVERTISERS



120+ TB

OF USER DATA ANALYZED
MONTHLY



6 MILLION+

APP DOWNLOADS
TRACKED MONTHLY



32,000+

PUBLISHER
APPS



200 BILLION+

MONTHLY AD
REQUESTS

ABOUT INMOBI, COMPANY OVERVIEW

Over 9 years pioneering mobile advertising and discovery spanning the globe



GLOBAL COVERAGE

Global reach and scale with local expertise, spanning 18 offices across the globe, and a dominant position in key mobile markets like North America, China and India



DEMAND POOLS

World-class performance, brand, and commerce advertisers accessible via every buying scheme, from fully programmatic -open and private, to managed services



PUBLISHERS GROWTH SOLUTIONS

InMobi features a comprehensive suite of publisher solutions that solve for all mobile growth needs: user acquisition, user monetization and audience extension



ECOSYSTEM PARTNERSHIPS

InMobi's dedicated Global Alliances team forges long-lasting partnerships with key industry players to ensure seamless campaign execution and measurement to our clients while delivering the best possible ad experience to our consumers.

THANK YOU



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