



INMOBI™

THE PRESENT & FUTURE OF
**MOBILE VIDEO
ADVERTISING**

How Advertisers, Publishers and
End Users Embrace In-App Video Ads

2018

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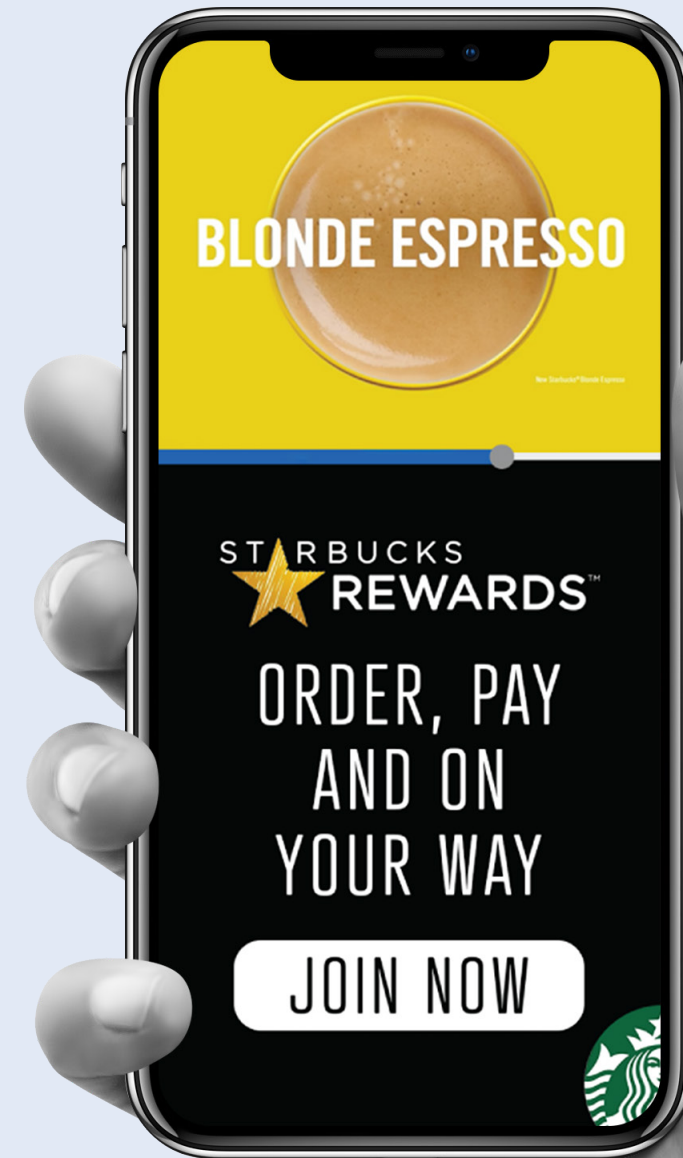
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WHAT IS THE CURRENT STATE OF MOBILE VIDEO ADVERTISING?

As the old adage goes, you don't know where you're going unless you know where you've been. To see how mobile video advertising is growing and evolving, **InMobi analyzed over 750 billion mobile ad impressions globally dating from the beginning of 2016 all the way up to the end of March 2018.**

The research explores how the rising demand for greater transparency and control has resulted in a programmatic-led video ecosystem that delivers higher efficiency to advertisers. We explored the increasingly central role in-app video plays in advertisers' mobile strategies. **Tens of thousands of campaigns were analyzed, which present growing investment alongside higher consumer engagement and conversions from in-app video.**

Keep reading this guide to see just how the ecosystem has evolved, and how those trends can help predict the future of mobile video advertising.



WHAT DO ADVERTISERS THINK OF IN-APP MOBILE VIDEO?

To say that advertisers of all stripes are bullish on in-app mobile advertising might actually be an understatement. **Globally, brand spend on mobile video ads increased 109 percent** between 2016 and 2017, and 24 percent in the first quarter of 2018 compared to the first three months of 2017. Similar trends occurred in the United States too, with **year-over-year growth at 95 percent** and quarter-over-quarter growth at 75 percent.

Not only are advertisers spending more on in-app video advertising, but they're devoting a greater share of their budgets towards such formats as well. **In 2017, advertisers globally devoted 18 percent of their total in-app ad budgets to video.** By the first three months of the following year, that figure had risen to 20 percent. A similar breakdown is seen in the U.S., with **percent share going from 28 percent to 34 percent during the same time frames.**

Advertisers in the U.S. are leading the pack globally in embracing new technologies like in-app video advertising. But, the rest of the world is not far behind.

**Globally, between 2016 and 2017,
brand spend on mobile video ads increased**

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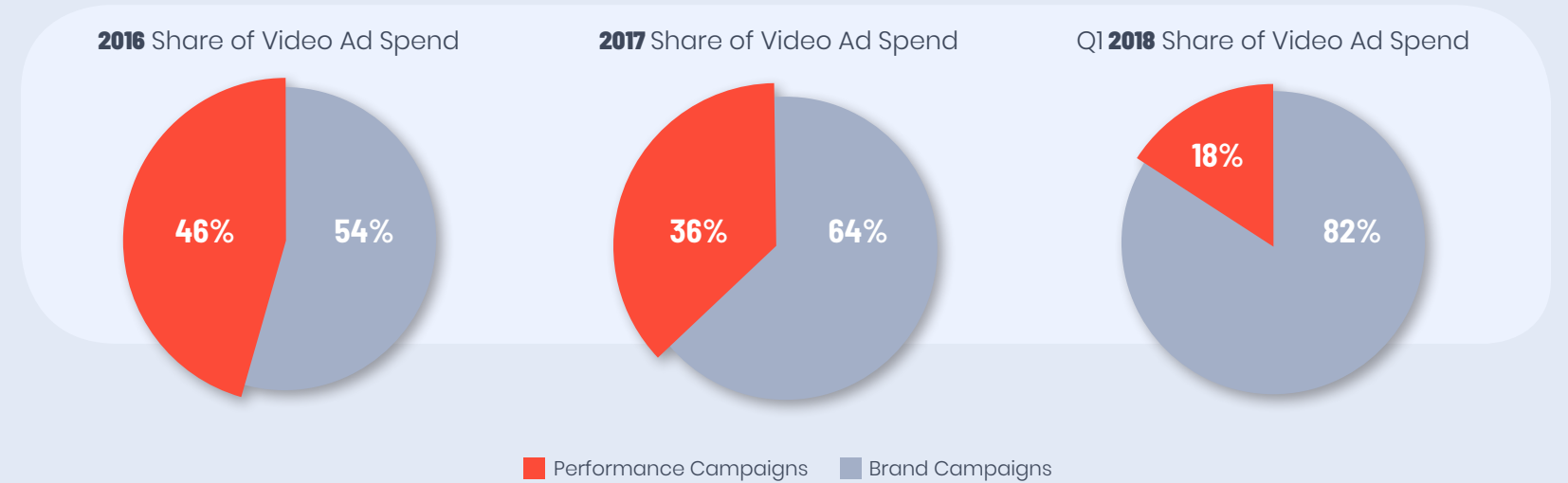
WHO IS LEVERAGING IN-APP VIDEO ADS?

A wide variety of advertisers have embraced in-app video advertising. In the U.S. in 2016, just under half – 46 percent – of all video ad spend came from those looking for a specific outcome from an ad like an app download or another similar hard KPI. By the first three months of 2018, however, 82 percent of all video ad spend came from those primarily interested in impressions and awareness.

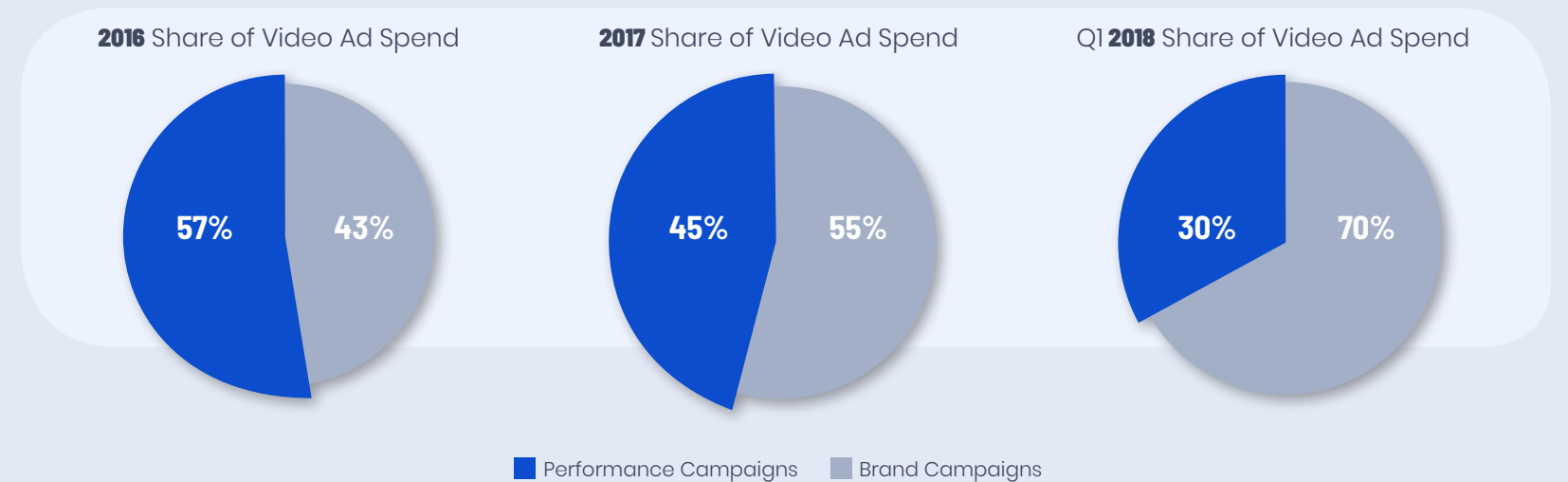
Similar trends have been observed globally as well, with brand campaigns centered around awareness and impressions accounting for less than half – 43 percent – of all video ad spending in 2016 to **55 percent in 2017 to 70 percent during Q1 2018.**

This is a significant shift, highlighting how the in-app video advertising space has matured over the past two years.

UNITED STATES OF AMERICA



GLOBAL



WHY IS MOBILE VIDEO ADVERTISING GROWING?

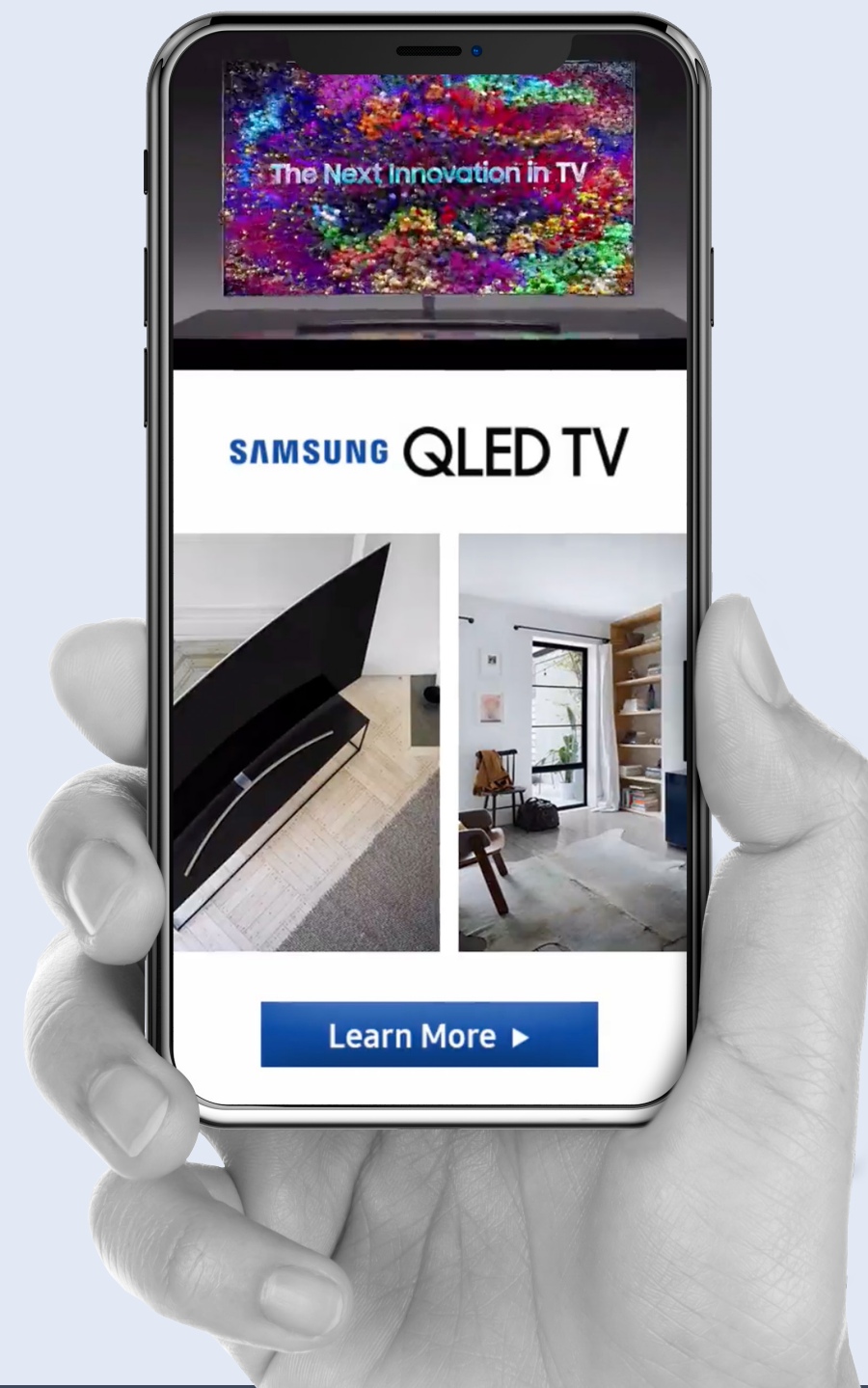
What explains the growth? Simply because video works.

Between 2016 and 2017, video click-through rates (CTR) grew 300 percent.

Overall, **in-app video advertising provides CTRs that are 34 percent better than native ads and 56 percent better than banners.**

Between 2016 and 2017,
video click-through rates (CTR) grew

300%



WHAT DO PUBLISHERS THINK OF MOBILE VIDEO?

As advertisers focus more heavily on in-app video advertising, app publishers are following suit.

Throughout the world, **video ad inventory has grown 31 percent** both between 2016 and 2017 and between Q1 2017 and Q1 2018.

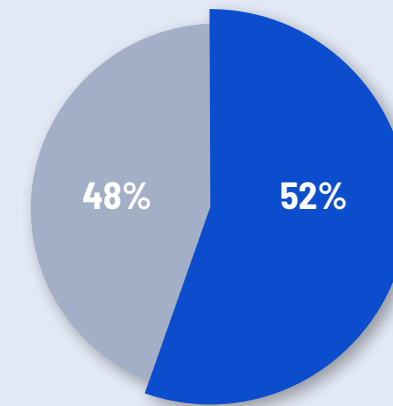
Now, half of all ad inventory is video – 52 percent globally and 48 percent in the U.S. in Q1 2018.

On the publisher side, the U.S. is leading the pack. Video ad inventory has more than doubled in the country, with **163 percent year-over-year growth**. Comparing the first three months of 2018 with the same period the previous year, **in-app video inventory grew a whopping 414 percent**. While growth is strong all over the world, this is especially the case stateside.

In-app video inventory grew

414%

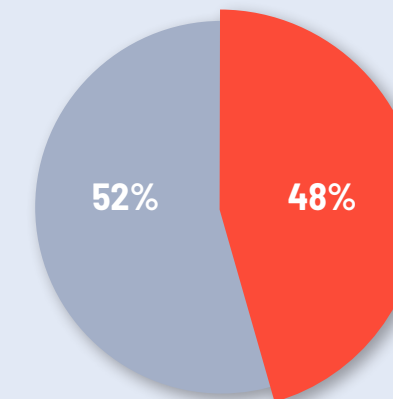
GLOBAL



Q1 2018 Global Share of Ad Inventory by Ad Formats

■ Global Share of Video Ad Inventory
■ Global Share of Inventory for Other Ad Formats

UNITED STATES OF AMERICA



Q1 2018 U.S. Share of Ad Inventory by Ad Formats

■ U.S. Share of Video Ad Inventory
■ U.S. Share of Inventory for Other Ad Formats

MOBILE VIDEO ACROSS THE WORLD: REGIONAL BREAKDOWN

While in-app video advertising is growing universally across the world, this QoQ growth is especially acute in a few key regions.



CHANGES IN VIDEO AD DELIVERY TECHNOLOGY

In many industries, changing standards in technology present a do-or-die schism. Two options enter, but only one emerges victorious. VHS over Laserdisc. Blu-Ray over HD DVD. Touchscreens over mobile keyboards. In mobile video advertising, it's VAST over VPAID.

Increasingly, the data shows the expanding reach and greater benefits of VAST. **VAST-based in-app videos had five times greater CTRs** in Q1 2018 versus videos delivered with browser-based technologies. Plus, **VAST render rates increased 200 percent** between Q1 2017 and Q1 2018. The faster video load times and buffer-free ad experiences provided by VAST really make a difference.

Another technology dramatically improving the effectiveness of in-app video ads is the SDK. In part because SDKs handle more of the integration heavy lifting and require less legwork for developers than APIs, the technology **helps advertisers see 256 percent greater CTRs** vs. browser-based tech.

End-to-end technical support, alongside video ads that load as soon as the app is opened, makes all the difference. The sooner VAST and SDK integrations become the norm, the sooner the full effectiveness of in-app video advertising can be realized across the board.



MOBILE VIDEO ACROSS THE WORLD: REGIONAL BREAKDOWN

Part of the reason why in-app video advertising is growing so rapidly is, in part, because advertisers and publishers have increasingly effective video ad formats at their disposal. **Globally, 58 percent of all in-app video inventory was fullscreen** in the first half of 2017. During that time span, **three out of every four dollars** – 76 percent specifically – **spent on video ads worldwide went towards fullscreen formats.** This shows how advertisers are increasingly embracing TV-like spots even on mobile device screens.

As smartphone screen sizes increase, fullscreen videos and other similar ad formats have become more effective, engaging and, perhaps most importantly, immersive. In 2007, the average smartphone screen size was under three inches. By 2014, it had ballooned to [more than 4.5 inches](#). This trend shows no sign of slowing either, as by the end of 2018, the vast majority of phones sold will have screens [between five and six inches](#).

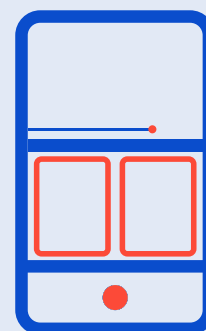
Quality Video Ad Formats



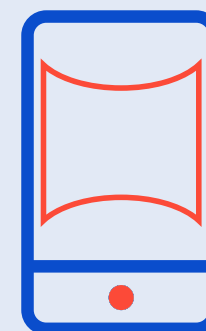
Fullscreen Video with Interactive End Card



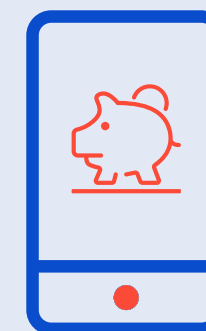
Vertical Video with Interactive End Card



Split-Screen Interactive End Card



360-Degree Video



Rewarded Opt-In Video

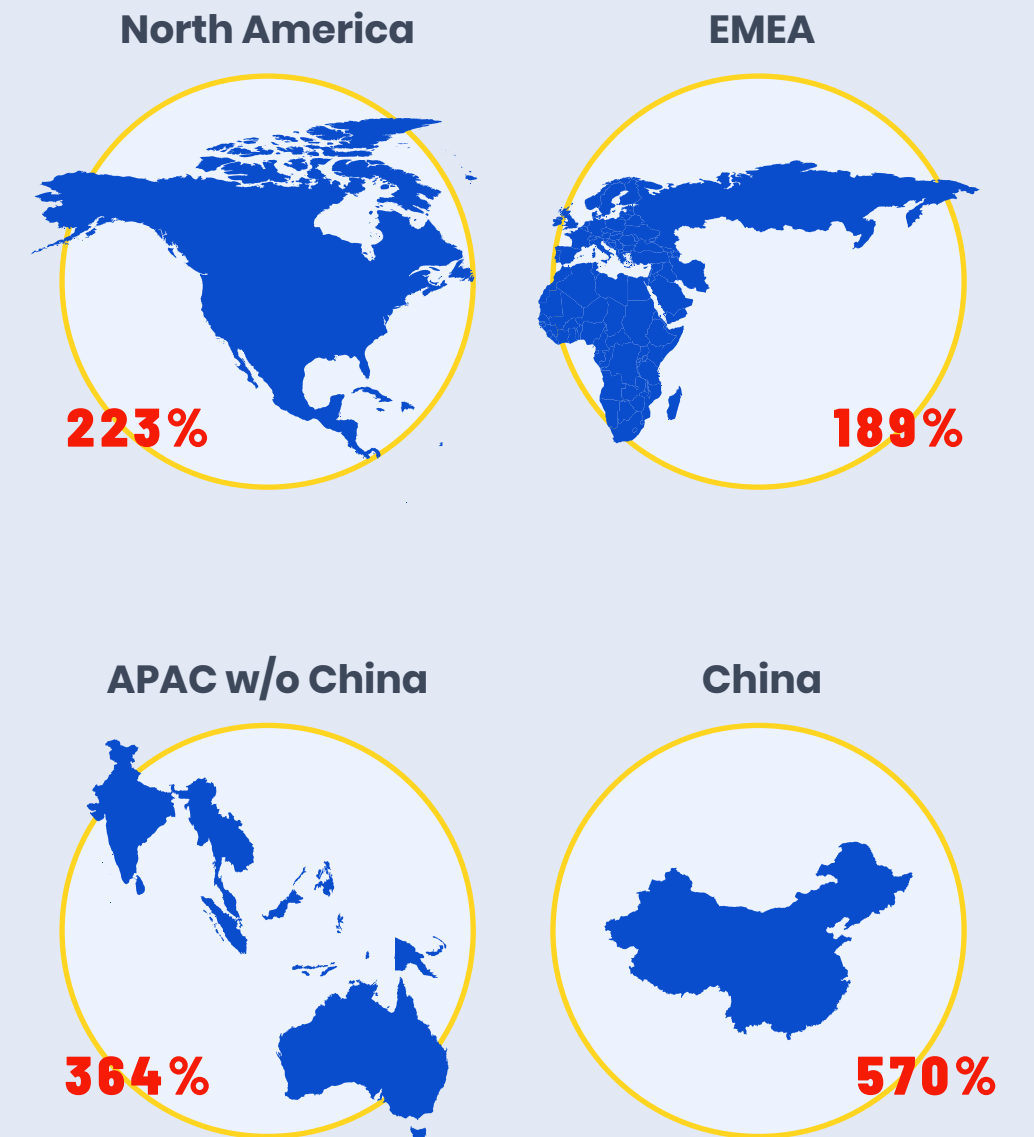
PROGRAMMATIC VIDEO AD BUYING ON THE RISE

Part of the reason why in-app video advertising is growing so rapidly on both the advertiser and publisher sides is because the technology to both buy and place such ads has improved greatly over the past few years - and continues to improve as well.

On the buying side, programmatic is becoming the default mechanism, highlighting the rise of automated ad buying. **Globally, the percentage of ad spend facilitated programmatically grew 136 percent** between 2016 and 2017. This has become even more pronounced of late, with **programmatic spend worldwide increasing 238 percent** between Q1 2017 and Q1 2018.

Similar trends can be observed in the U.S. **Programmatic spending grew 128 percent YoY and 220 percent QoQ.** In total, programmatic video ad spend rose 223 percent across North America between January and March 2018 compared to the same period the prior year.

It's not just the U.S. and North America that's leading this global growth. Looking at the quarter-over-quarter period in question, programmatic video ad spend increased 189 percent in EMEA, 364 percent in APAC excluding China, and 570 percent in just China alone.



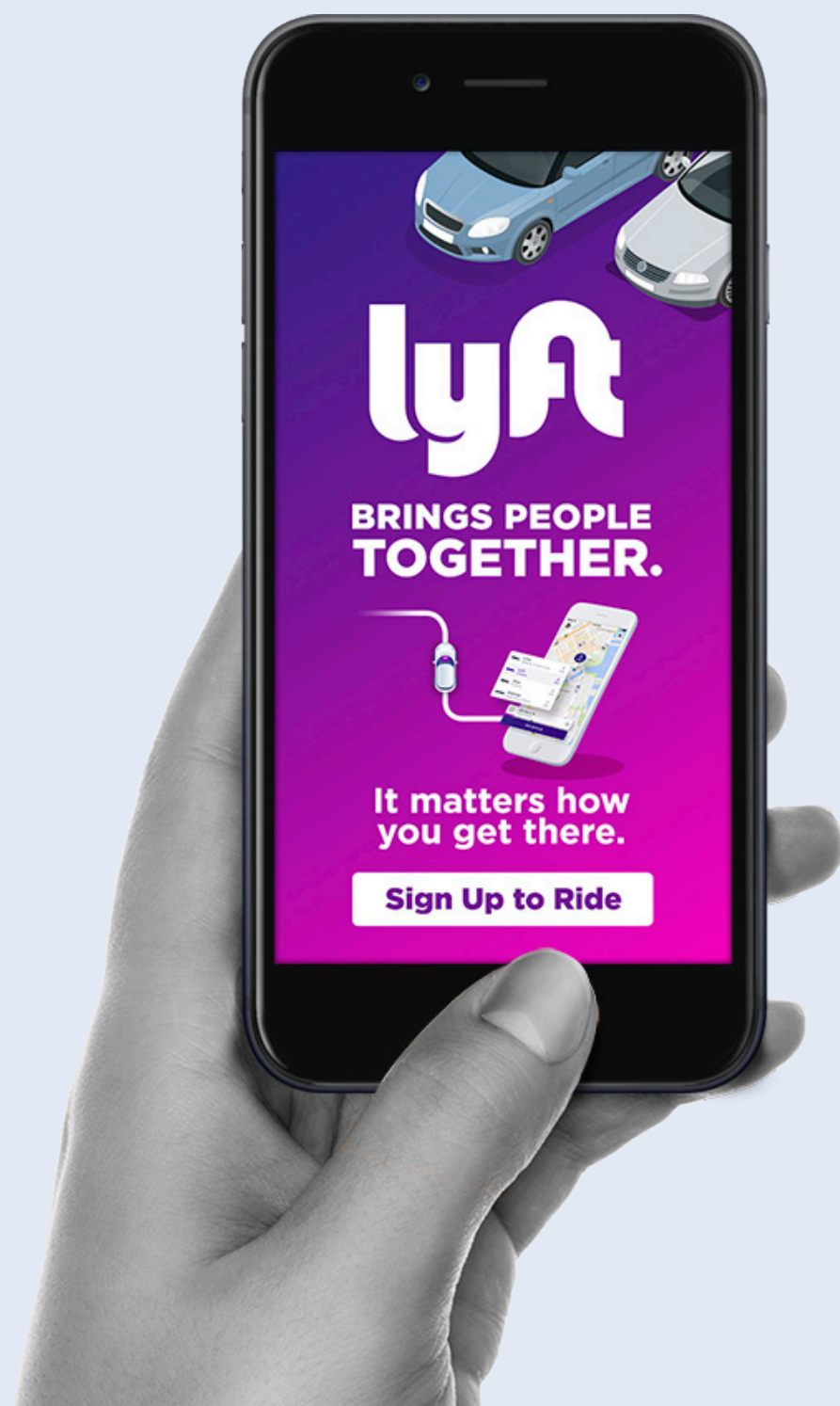
Growth in Programmatic In-App Ad Spend Q1 2017 - Q1 2018

WHAT DOES THE FUTURE HOLD?

While no one has a crystal ball, it's more likely than not that **current trends in in-app video advertising will continue for the foreseeable future.** Advertisers globally will continue to spend big on immersive and effective formats, and publishers will keep meeting this demand. Plus, as the technology for delivering and displaying video inventory improves further, the effectiveness of this kind of advertising will only grow.

The key, for both advertisers and publishers, is to make sure they are aligned with and prepared for this increasingly **app-centric and video-centric future.** Mobile video ad spend is growing – so much so that in all likelihood it will soon [overtake traditional ad strongholds like television](#), according to eMarketer.

It's not enough to have mobile and video as one small part of the total ad mix. To compete in the advertising landscape of both today and tomorrow, brands need to be mobile first and video first. By **working with vendors that are dedicated to mobile and leading the charge on video**, both advertisers and publishers can position themselves for future success.



Inmobi™

InMobi is the world's largest independent 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 video ad experiences, deep-learning based optimization algorithms, and header bidding to deliver maximum value to advertisers, users and publishers.

InMobi's platform 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 2018 Most Innovative Companies, InMobi reaches over 1.5 billion unique mobile devices worldwide and is redefining business models for the mobile ecosystem. For more information, visit inmobi.com

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