

inMOBI



# U.S. In-App Programmatic Video Advertising

Report  

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H1 2020

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# Methodology

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Welcome to InMobi's **Annual In-App Programmatic Video Advertising Report**.

In this report, we focus on the U.S. market and explore how advertisers are approaching their mobile in-app video advertising strategies.

The insights are based on a detailed analysis of data from the InMobi Exchange between April 2019 – June 2020, in conjunction with a consumer survey conducted by InMobi in May 2020. Where relevant, necessary data sources have been quoted.

## Overview

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If a picture is worth a thousand words, then what is a video worth? Since the advent of television, advertisers have preferred video to convey their message.

And as time spent using mobile and apps specifically has risen, brands are expanding and rethinking their in-app advertising strategies to include video.

With video being one of the best ways for brands to display their messaging, brands are shifting from television to mobile and leaning more towards in-app advertising to reach their consumers.

# Mobile Outshines TV

## Mobile



**5 Hours/Day**

## TV



**3.4 Hours/Day**

## Sleep Cycle



**8 Hours/Day**

**An Average Day in the Life of an American Consumer**

People now spend more time using their mobile device than they do watching TV – or engaging with any other single medium.

The average time spent engaging with mobile in the U.S. is **281 minutes per day<sup>2</sup>**, that's almost 5 hours a day! This includes an **increase of 23 minutes since the onset of the COVID-19 pandemic.**



# Video Advertising is Skyrocketing!

With **47 minutes per day** spent viewing video on mobile<sup>3</sup>, advertisers are using video as a way to connect with consumers. This represents a **2.5x growth in just five years**,<sup>4</sup> when consumers spent just 13 minutes on mobile video content in 2015.

Unsurprisingly, in their quest to continually engage and stay top-of-mind among their consumers, advertisers have steadily increased their spending on in-app video advertising. In the same time period, **spending on mobile video has grown by over 7.5x**.

This growth occurred even though video ads generally cost more than other formats, which is **a testament to the power and effectiveness of video advertising**.

3 – eMarketer, The Pandemic Is Accelerating Time Spent with Mobile Video and Gaming, Jul 22, 2020

4 – eMarketer, U.S. Forecasts

# **Current State of U.S. Mobile In-App Programmatic Video Advertising**

**03**



# For Video, U.S. is the Land of Opportunity

Share of Global Video  
Advertising Budgets, Q2  
2020

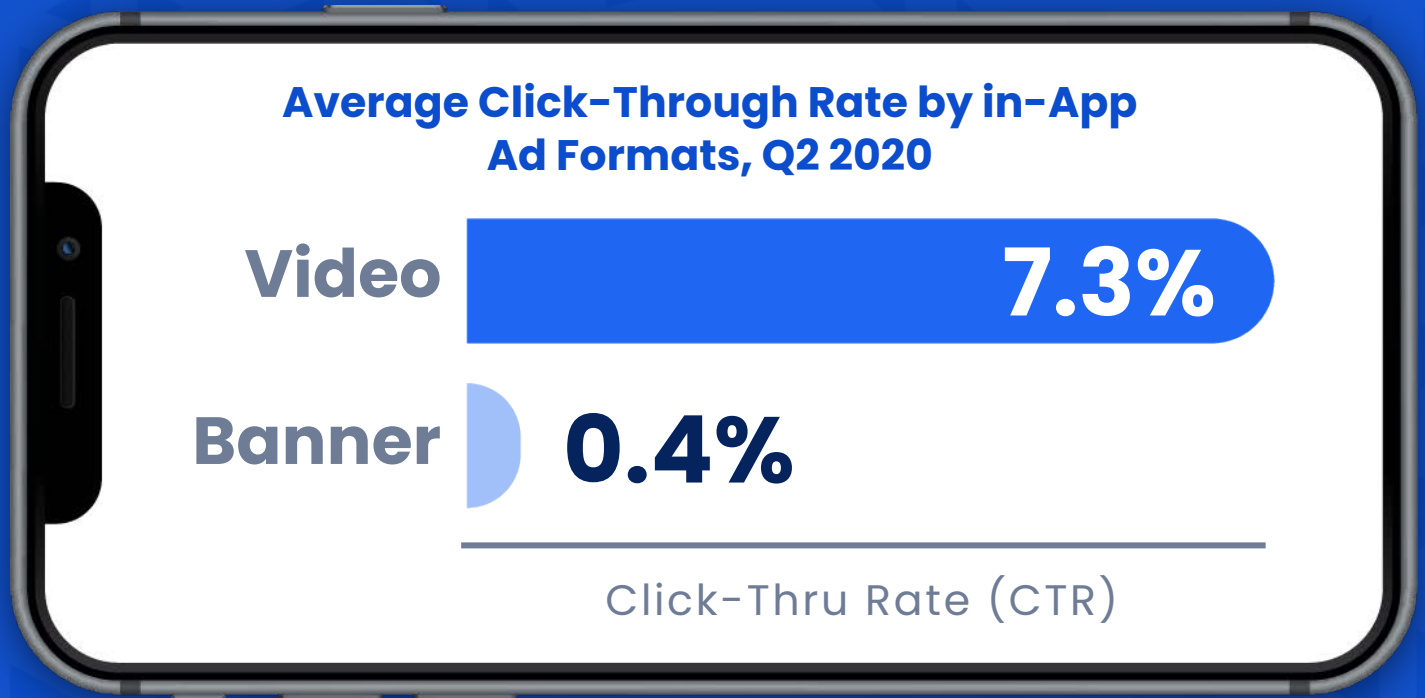


There are likely more opportunities for advertisers in the U.S. to run in-app programmatic video ads compared to advertisers in other parts of the world. The **U.S. has seen a 6% growth in programmatic video ad spending and a 13% growth in ad impressions from Q1 to Q2 in 2020.** This could be a result of publishers in the U.S. inserting video ad slots into their apps more readily.

What is interesting to note is that through the pandemic, as advertising budgets decline, **marketers have continued to increase their spending on mobile video.**



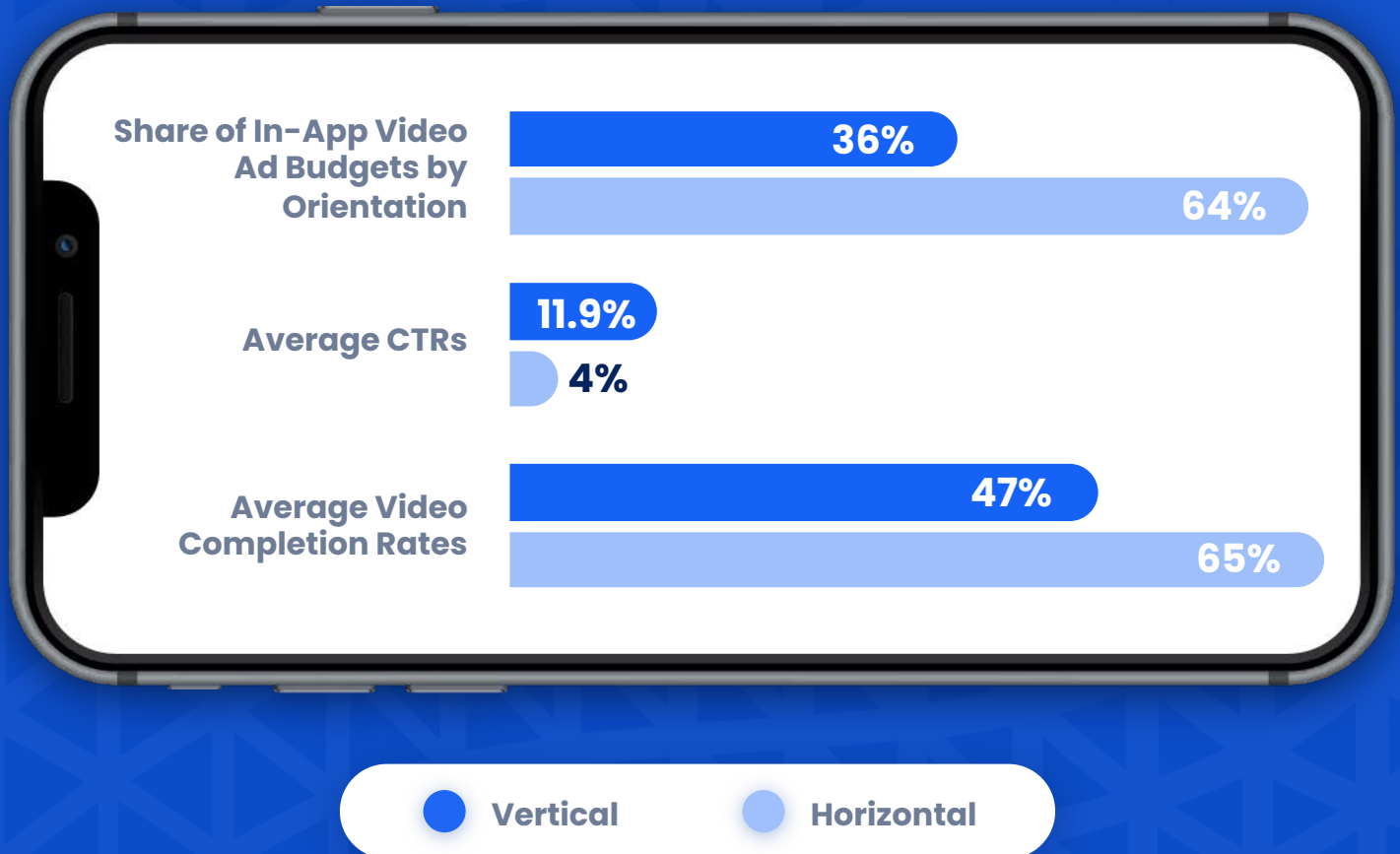
# Video Works!



**Video has significantly higher click-through rates (CTRs) than other formats.** Compared to the average CTR for banner ads, vertical videos perform **11x better**. Horizontal video, on the other hands delivers **CTRs 4x that of banners**.

Since video has proven to be a highly viewable format, which, as the data proves, sees highest engagement, **it invites marketers to spend more on video.**

# Vertical Gets Clicks



While over **82% of mobile video viewing occurs with the phone being held vertically<sup>5</sup>**, ads made for television are horizontally aligned, so many brands will just take an ad made for TV and just have it run horizontally in app. Even though the engagement with vertical video is higher, **horizontal video ads enjoy higher completion rates.**

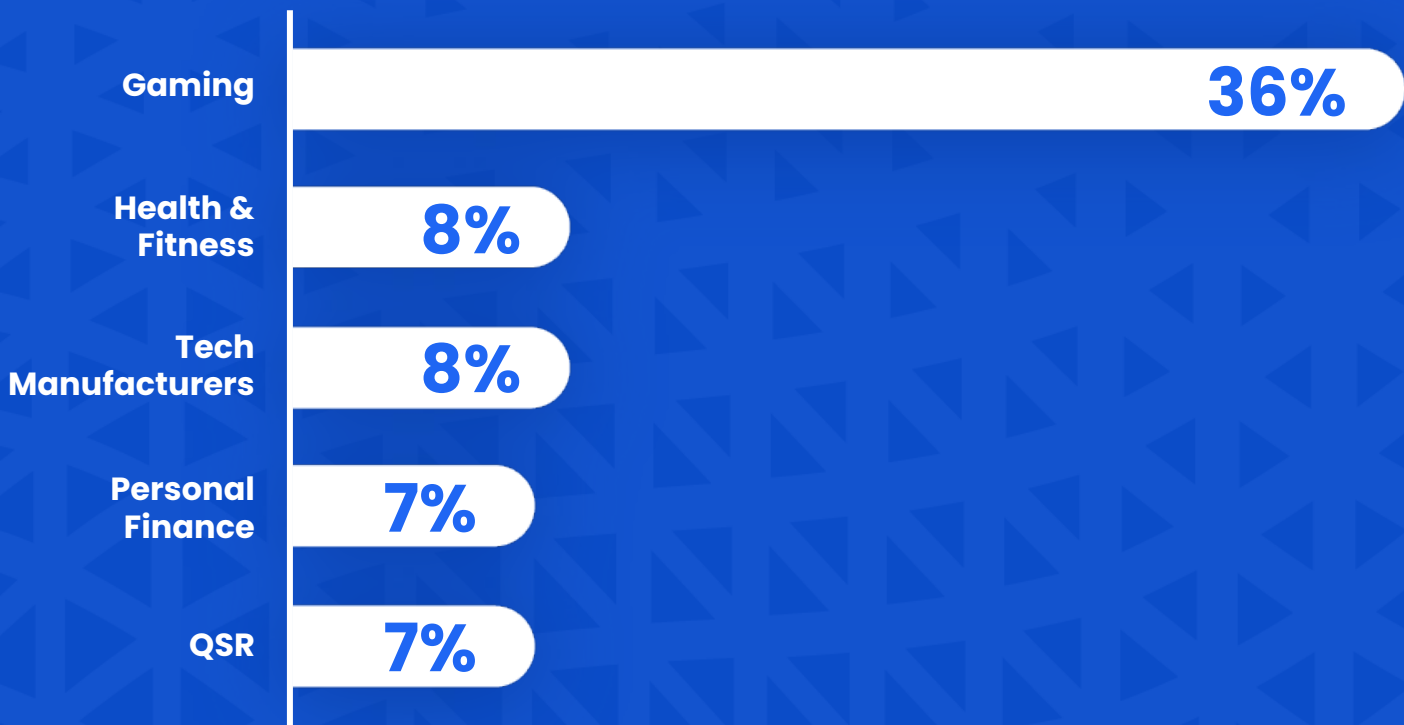
# **Top Industries for Mobile In-App Programmatic Video Advertising**

**04**

# Video and Gaming Go Hand-in-Hand

Gaming and video are a match made in mobile heaven. By virtue of being mobile-first, **gaming advertisers have the unique advantage of being leaders in creating immersive and highly engaging experiences.** There is little doubt, then, that video advertising fits right into the user experience that game publishers try so hard to build.

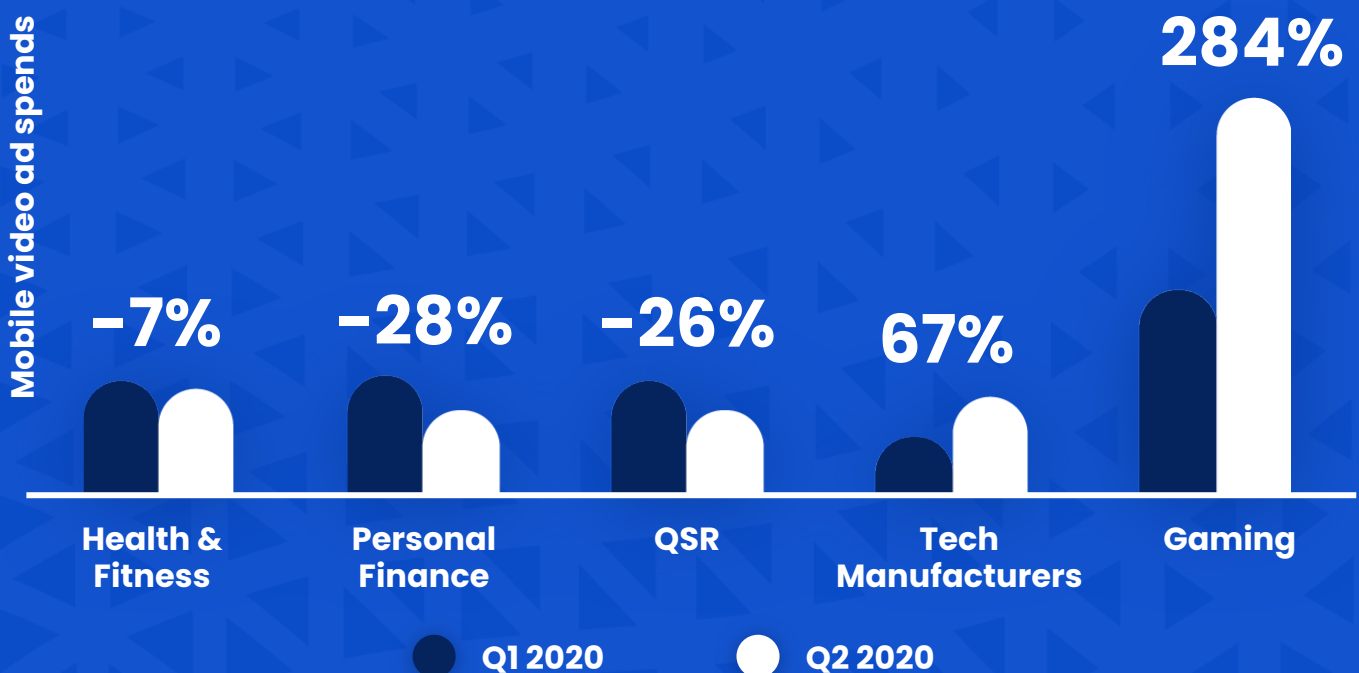
## Share of Total Mobile Video Ad Spending by Vertical, Q2 2020



A recent forecast by **eMarketer**<sup>6</sup> stated that as a result of the pandemic, **U.S. adults will spend 26 minutes a day playing mobile gaming apps, an 8-minute increase over last year.** In comparison, time spent on mobile gaming increased by two minutes in 2019. 2020 has already witnessed a **50% increase in time spent on mobile app games** compared to the first half of last year.

It's no surprise that gaming advertisers have been actively trying to lure new users during the lockdown/pandemic by **aggressively spending on in-app video advertising.**

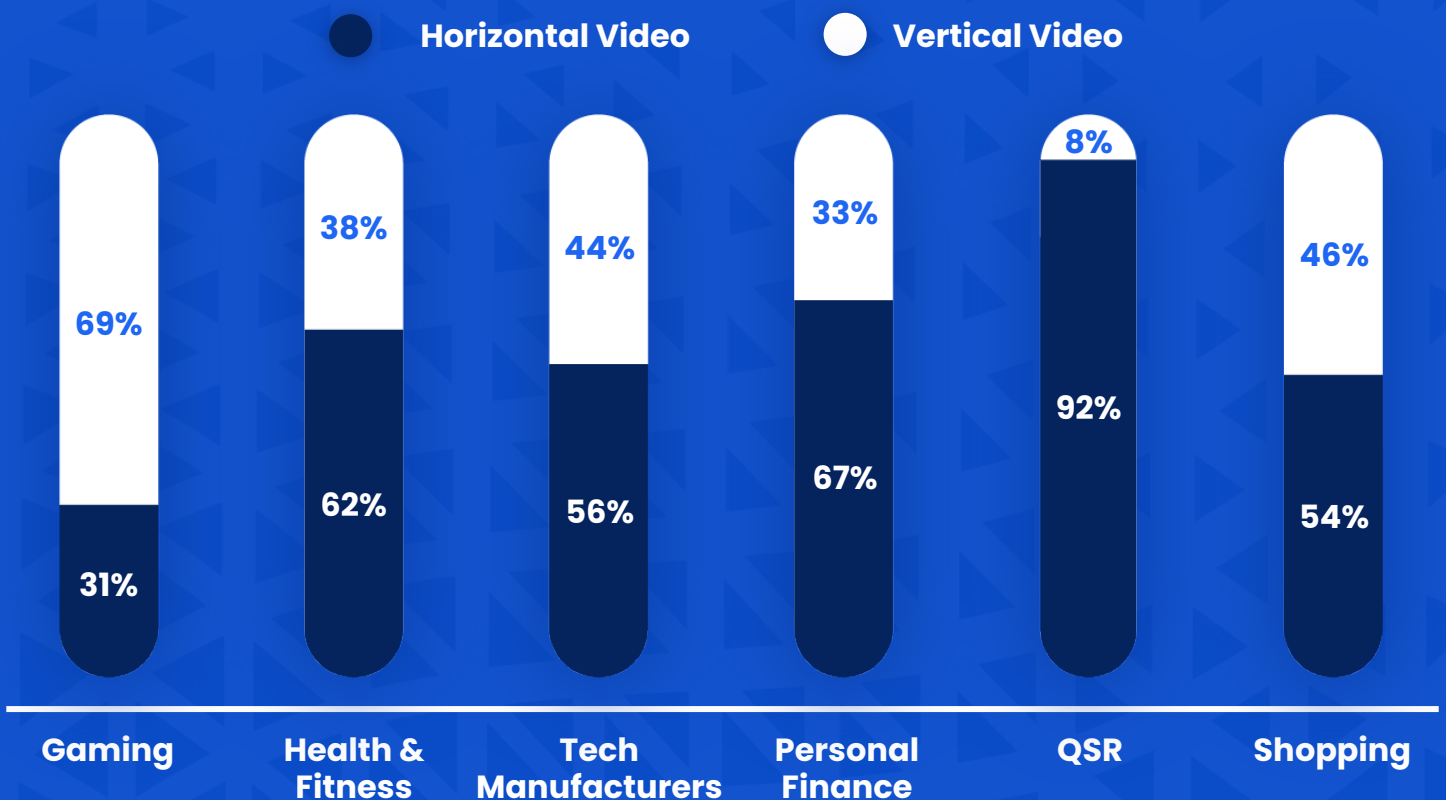
## Growth in Video Advertising Spending by Vertical, Q1-Q2 2020



# Gaming Keeps It Vertical

While most of the top advertiser categories spend primarily on in-app horizontal video ads, gaming advertisers alone prefer vertical video ads. This could be because most other industries also advertise on other channels and have a propensity to use the same ads on mobile, which are usually horizontal. However, gaming advertisers are primarily mobile-first and use mobile-first advertising.

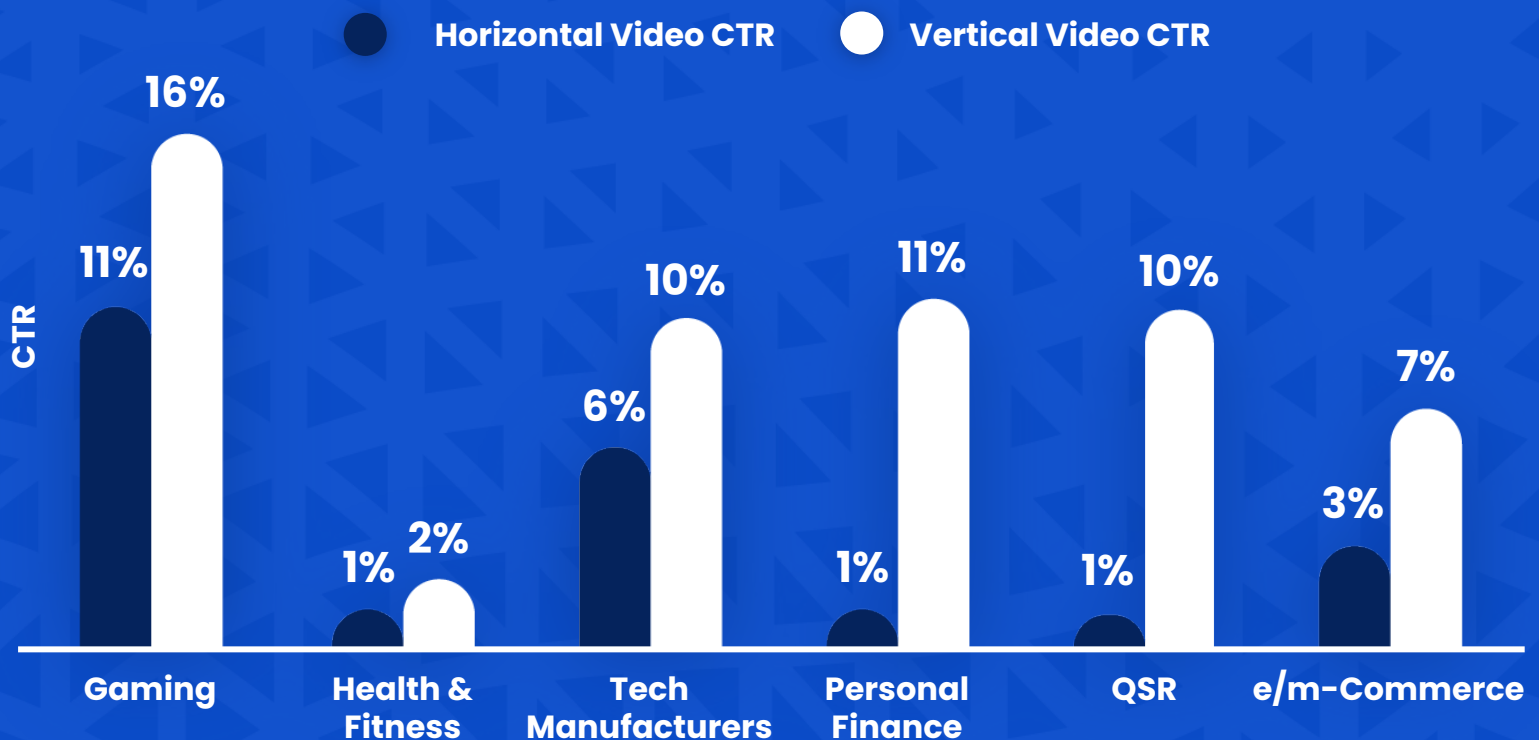
## Mobile Video Ad Spending by Advertiser Category and Orientation, Q2 2020



# Vertical Wins The CTR Game

On mobile, vertical video is more likely to be viewed than horizontal video ads because it offers a better, more native viewing experience. This is why vertical video CTRs surpass horizontal video CTRs. Video ads created for mobile-first experiences garner higher interest and engagement from smartphone users compared to horizontal ads, which require users to turn their phones. This turning action often leads to a negative user experience.

## Mobile Video Ad Engagement by Advertiser Category, Q2 2020





## Bottom Line

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It's critical to keep the global realities of 2020 in mind when making any predictions. COVID-19 has brought out a worldwide economic downturn that will likely last well into 2021 for some industries. Even brands that clearly see the benefits of in-app video advertising may not be able to fully invest in this kind of marketing for much of the year.

However, we expect to see a shift in budgets from other ad formats to video. Videos are inherently much more visible than smaller ad formats like static banners, and ensure both improved viewability and engagement. Advertisers should invest more in in-app video advertising in order to effectively reach their target audiences and see real results.



# About InMobi

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InMobi drives real connections between brands and consumers by leveraging its technology platforms and exclusive access to mobile intelligence. Its Marketing Cloud creates new paths for brands to understand, identify, engage and acquire connected consumers. As a leading technology company, InMobi has been recognized on both the 2018 and 2019 CNBC Disruptor 50 list and as one of Fast Company's 2018 World's Most Innovative Companies. For more information, visit [inmobi.com](https://inmobi.com).