



December 2018

US DIGITAL ADVERTISING SNAPSHOT

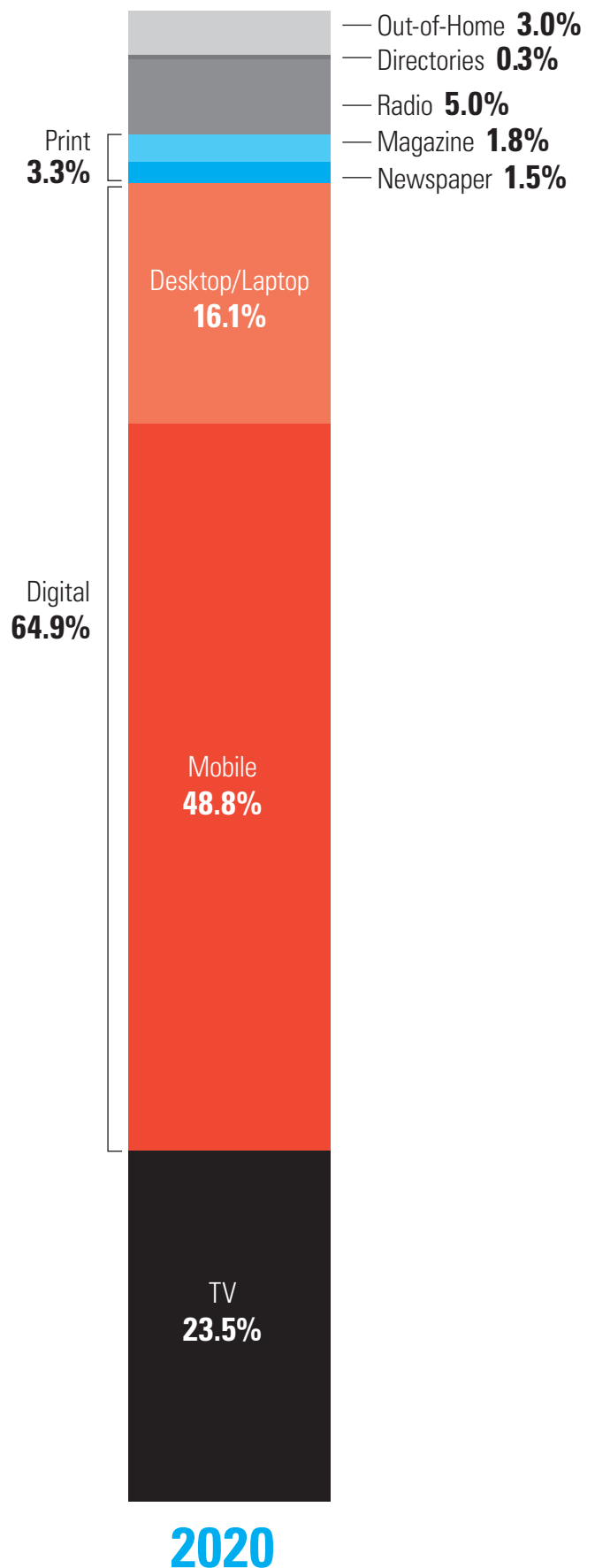
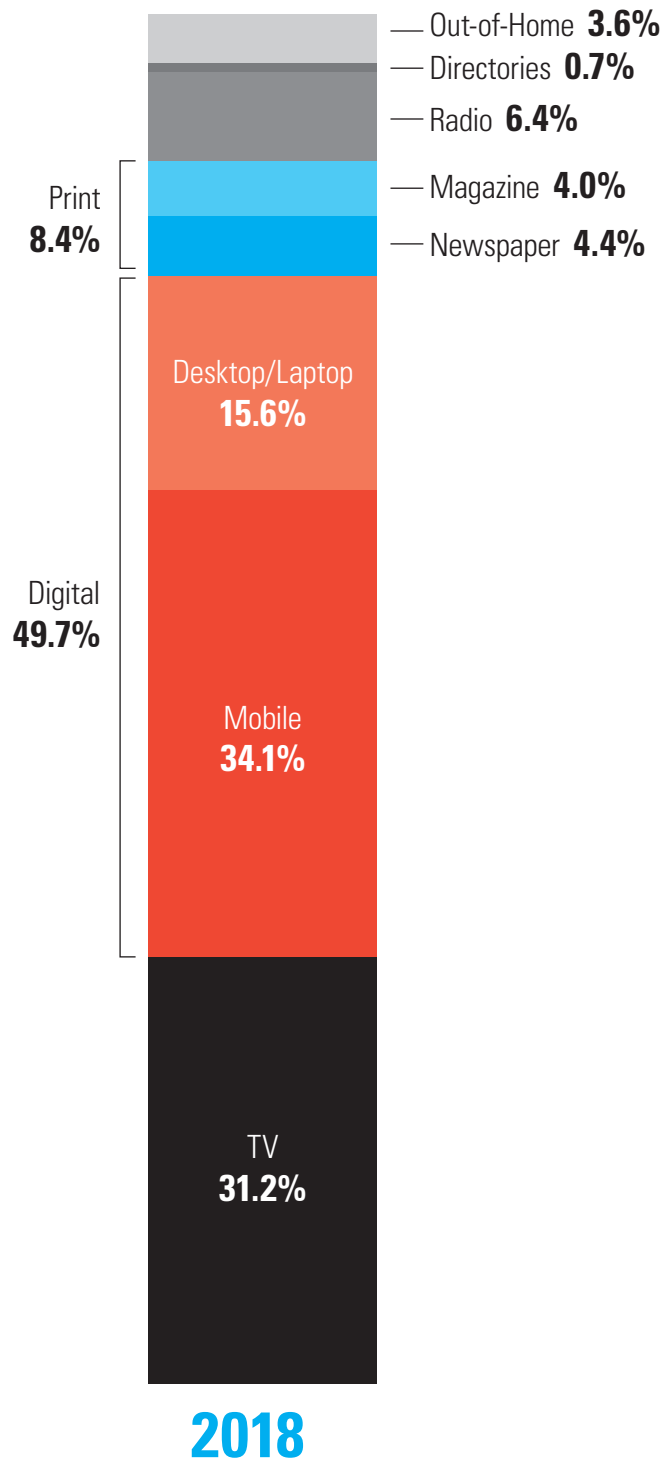
Digital advertising in the US is on pace to surpass traditional media ad spending by 2019. eMarketer has created this infographic Snapshot to provide a key to US digital ad spending trends, including how digital fits into the total media ecosystem, how mobile fits into digital, and how quickly advertisers across industries are increasing their digital budgets.

presented by



Digital Advertising in the US

Digital advertising is on pace to surpass traditional media ad spending by 2019. Digital ad investments exceeded our expectations during H1 2018 and will now reach \$111.14 billion by year's end, above our March 2018 estimate of \$107.30 billion. By 2020, digital media will account for almost 65% of total media ad spending.



Key Ad Trends: Programmatic

In the US, programmatic advertising is digital display advertising. We forecast that spending on this form of automated buying and selling will reach nearly \$48 billion by year's end. By 2020, US advertisers will transact nearly \$69 billion in US digital display ad spending programmatically, accounting for 86.3% of the digital display pie.

How much digital display advertising is bought programmatically?

Programmatic advertising—defined as the use of automation in the buying, selling or fulfillment of digital display advertising—is now the norm. We estimate that more than four of every five digital display ad dollars in the US today transact via programmatic means. More than four-fifths of mobile display and video ad dollars also already flow through programmatic channels.



Digital Video vs. TV

We forecast that video ad spending will reach \$50.63 billion in 2022, nearly double the \$27.82 billion in 2018. This new forecast, for the first time, incorporates outstream video ad spending figures. And not only are the video numbers substantially higher than those in our March 2018 forecast (because of the inclusion of social media), but the percentage

increases over the forecast period are also higher, with 29.7% growth in 2018 and 9.9% by 2022.

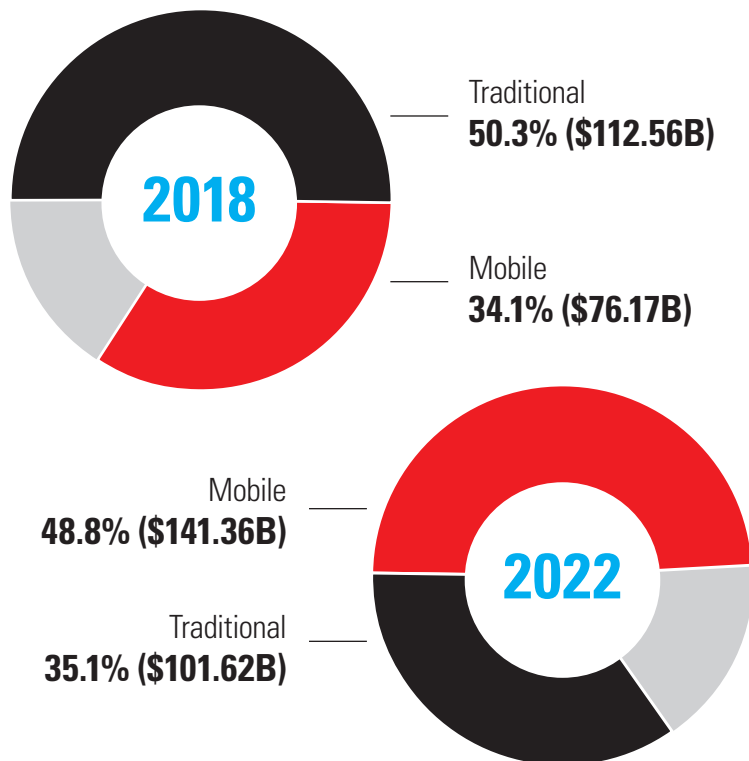
Meanwhile, our TV ad spending figures are unchanged in the current forecast, with small annual percentage decreases in every year of the forecast period except for 2020 (a US presidential election and Summer Olympics year).



Key Ad Trends: Mobile vs. Traditional

By 2020, mobile ad spending will surpass all traditional media combined. According to our estimates, mobile will account for \$76.17 billion of US media ad spending in 2018. That's more than TV (\$69.87 billion)—and it's significantly more than print (\$18.74 billion), radio (\$14.41 billion) and out-of-home (\$8.08 billion).

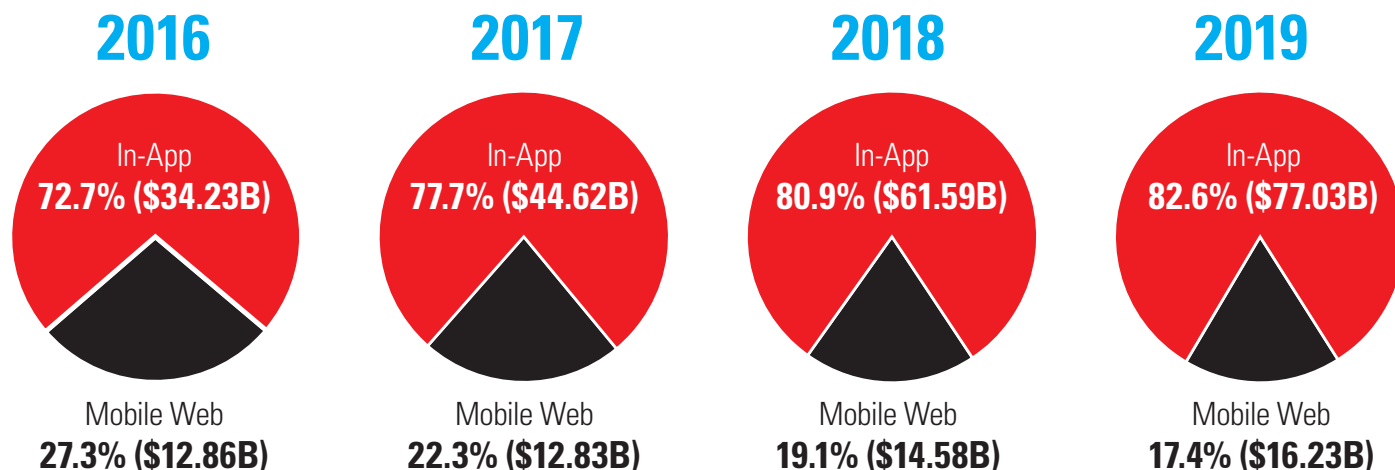
By the end of the forecasting period (2022), mobile ad spending is expected to more than double that of TV. The channel will make up \$141.36 billion of US media ad spending, while TV will account for \$68.13 billion.



In-App vs. Mobile Web

In-app ad spending continues to see steady gains over mobile web, as most engaging smartphone activities become increasingly app-based. In addition, time spent is growing for mobile users with primarily app-based social platforms (Snapchat), digital audio (Spotify and Apple Music) and video (YouTube).

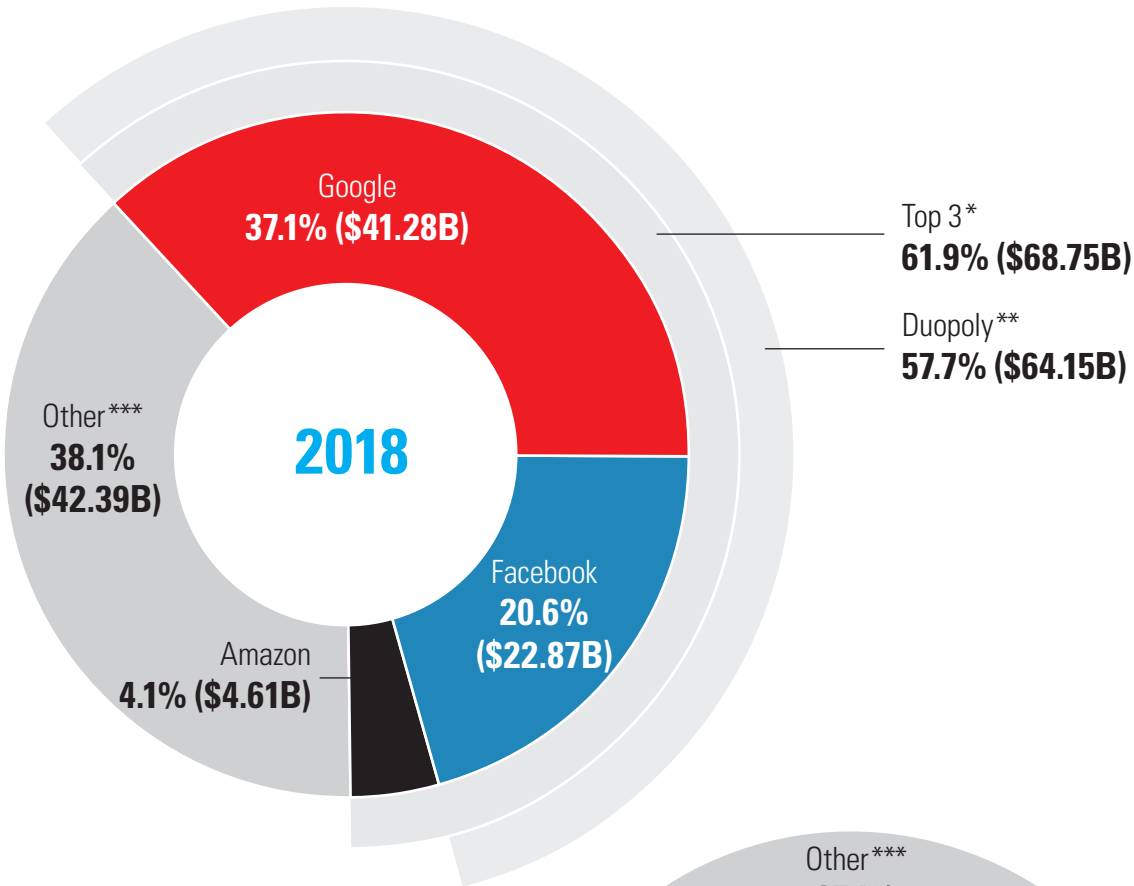
But don't count out mobile web. Programmatic remains a foothold for its ad spend growth, as well as popular user activities like looking for news, reading articles and shopping.



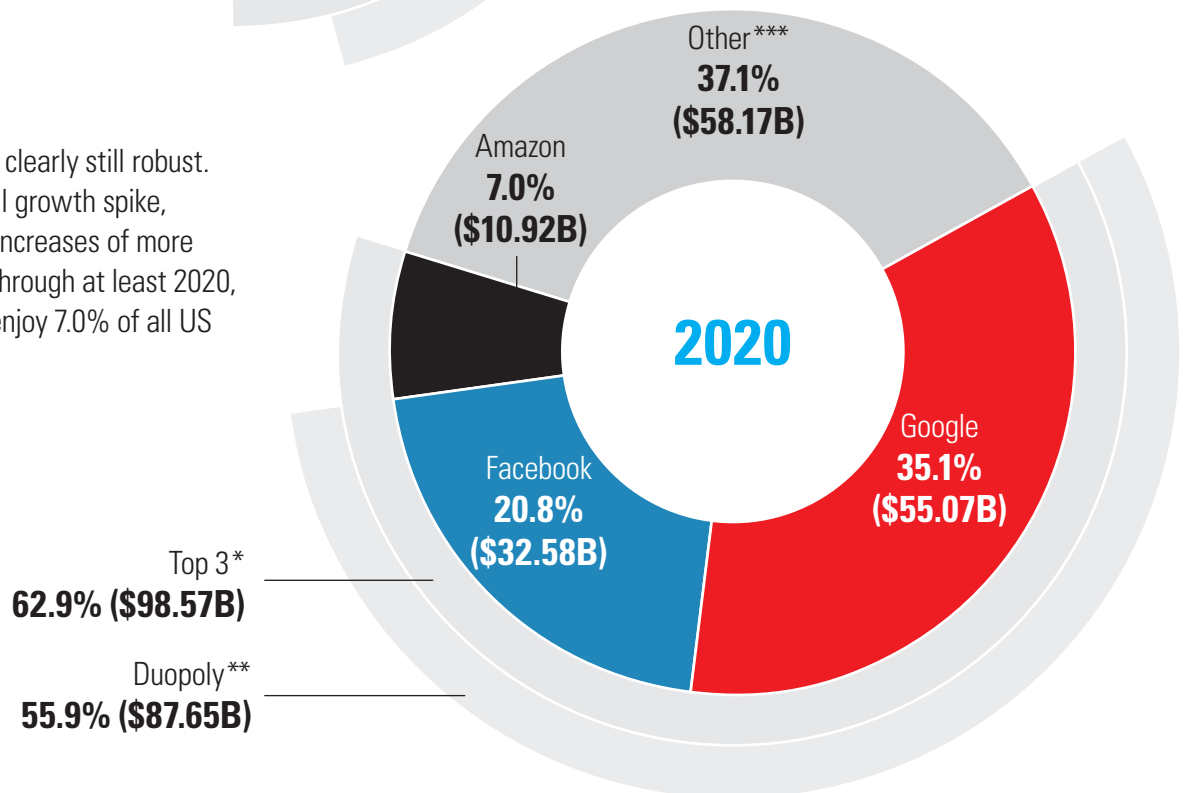
Where's Digital Ad Spending Going?

For more than a year now there's been a steady murmur about Amazon's encroachment on the territory of the Facebook-Google duopoly. US digital ad revenues at Amazon

will more than double this year, eMarketer estimates, moving it up the ranks past Oath and Microsoft to take the No. 3 position behind Facebook and Google.



And that increase is clearly still robust. After 2018's artificial growth spike, eMarketer expects increases of more than 50% per year through at least 2020, when Amazon will enjoy 7.0% of all US digital ad spending.

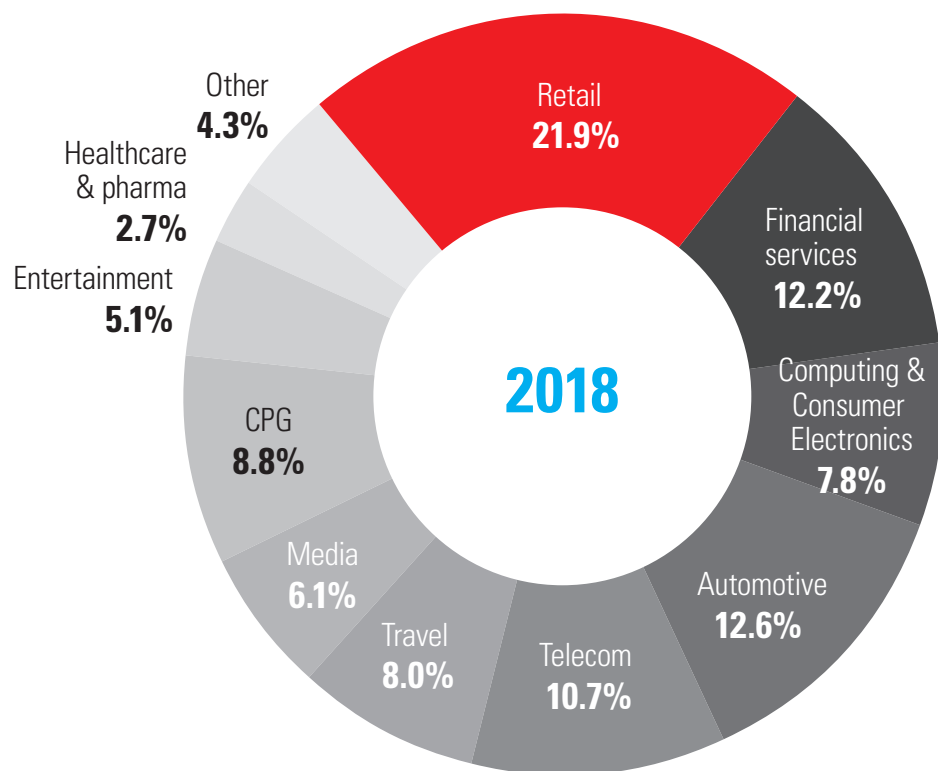


*Amazon, Facebook and Google; **Facebook and Google; ***Excluding Top 3

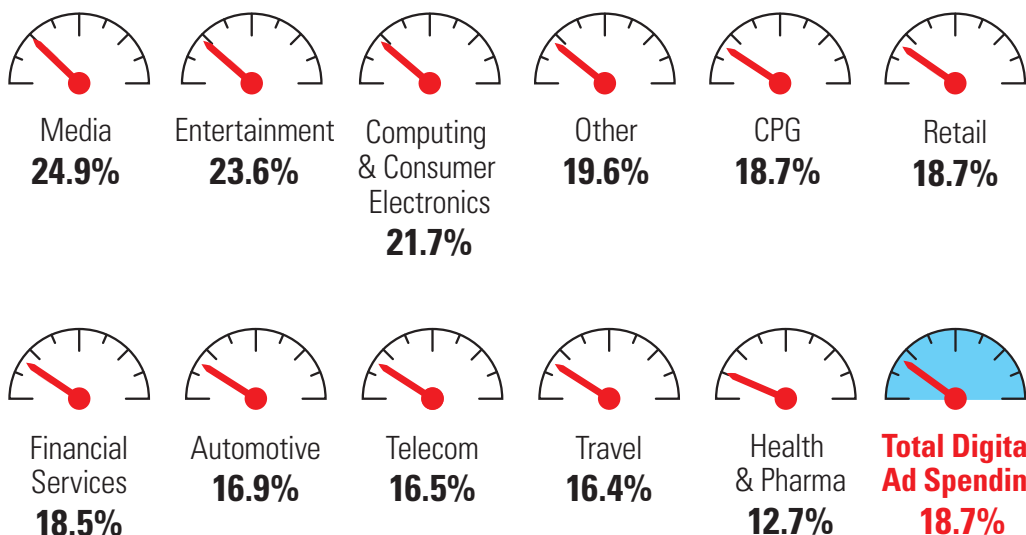
How Fast Are Vertical Industries Moving to Digital?

Keeping with the trend of the past several years, retail will far outspend the other industries eMarketer measures, accounting for a 21.9% share of US digital ad spending. US retailers are facing the prospect of fighting or aligning with

Amazon in 2018 as retailers like Best Buy, Nike and Sears are seizing the opportunity to feature their storefronts on the ecommerce giant. Meanwhile, retailers outside of the Amazon ecosystem are dedicated to search advertising on Google.



Media and entertainment have the largest growth rates in 2018, attributable to the fact that both industries have had lower spending historically and therefore show rapid growth from a small base as investment grows. Healthcare and pharma has historically spent the least of all industries, and 2018 is no exception.



Behind the Numbers

eMarketer's US digital ad spending estimates are updated twice a year to keep our subscribers abreast of trends in this business-critical area. For this forecast, we analyze 4,006 metrics from 127 sources, including macro-level economic conditions; historical trends of the advertising market; historical trends of each medium in relation to other media; reported revenues from major ad publishers; estimates from other research firms; consumer media consumption trends; consumer device usage trends; and eMarketer interviews with executives at ad agencies, brands, media publishers and other industry leaders.

For our companies' estimates, we do a bottoms-up analysis of the market, taking into account each company's ad revenues. This information comes from quarterly earnings releases, annual shareholder documents and statements from the executives in earnings calls. Company-specific data is also evaluated alongside estimates from third-party research firms, and interviews with executives at ad agencies, brands, media publishers and other industry leaders covering these companies.

3 Predictions for Digital Marketing in 2019

This post was contributed and sponsored by [Criteo](#).

Advertising is changing. Facebook and Google [own 25% of global ad spend](#). Amazon is getting into the ad game. Social media is mature, but each channel is anything but stable. In the world of ad-tech, the talk has gone from platforms to ecosystems. Marketers aren't talking through strategies for new platforms anymore. We're talking about strategies for navigating the existing ones.

On the horizon, there are new AI-powered advancements coming to the world of advertising. Chatbots, virtual reality, hyper-personalization—these are things that will become commonplace in 2019. Here are three major trends that marketers should expect next year:

No. 1: Social Engagement = Video

[One recent survey](#) from fall 2018 showed that only 36% of US teens use Facebook on a monthly basis. In general, [Gen Z social media trends](#) point to YouTube, Instagram and Snapchat as the favored channels.

In 2019, we can expect Facebook and Twitter to keep emphasizing streaming video in order to keep up. With competition from visual-first mediums like YouTube, Instagram and Snapchat, it's clear that social needs to be mobile, engaging and movie-like to keep user attention. Watch out for messaging, too—Facebook Messenger recently enabled autoplay video ads within the platform itself.

How do you get users to actually watch video ads? Well, marketers have to start thinking about how to optimize the creative in real-time.

No. 2: CPMs Get a Lot More Interesting

If we've learned anything from major ecommerce players, it's that an ecommerce site can be built into an ecosystem for brands and consumers alike.

New technology and retail-brand partnerships will keep paving the way for retailers to activate not just the shoppers that convert on their website, but the audience that visits. Brands will start paying more on a cost-per-thousand impressions (CPM) basis because dynamic product pages will allow them to work with retailers to target the best potential customers for awareness, consideration and conversion.

No. 3: Ads Get Intelligent, Everywhere

Phones, cars, refrigerators, coffee machines. In a smart home, there are more screens than ever before. That marks a big opportunity for marketers, but only if they don't annoy shoppers with irrelevant ads.

The stakes for intelligent, AI-powered ads are going to get higher in 2019 as ad-tech strays into the world of the third, fourth and fifth screen. Companies will start experimenting with even more hyper-personalized ad campaigns and deploying them in new ways—as long as teams can activate the data at their fingertips.

In an environment where people are more ad-sensitive and ad-blind than ever, we will see even more focus on data-centric campaigns that don't just offer products, but offer experiences.

The Ad-Tech Renaissance

Good ads today need to be more than ads. They need to be memorable experiences that offer something that reminds, engages or inspires the shopper. It's a full funnel journey that tracks across the awareness and consideration phases down to conversion. At each touchpoint, every consumer experience has to be individualized and relevant, otherwise your campaigns go unnoticed and impatient shoppers will go onto the next thing.

Intelligent ads are going to pop up in messengers, chatbots, and, of course, across the smart home. But to actually work, every ad-tech campaign is still going to have to start with the same thing: a good ad.

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