

Breaking Down Mobile Video Ad Spending

Video remains the only digital ad format that isn't majority mobile

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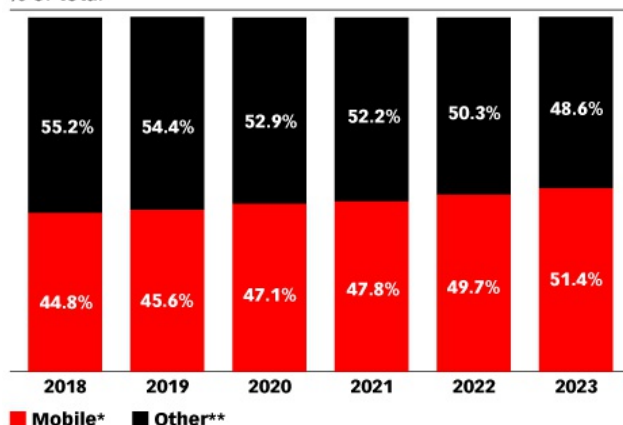
Blake Drosch

This year, US advertisers will spend two-thirds of their digital budgets on mobile placements. Mobile ad spending has taken the majority of digital spending every year since 2015, and both search and display spending skew heavily mobile. But even though it falls under the display umbrella, video is the only digital ad format where more ad dollars are spent outside mobile channels.

In 2019, we estimate, US advertisers will spend \$16.41 billion on mobile video advertising (45.6% of total digital video ad spend) and \$19.59 billion on video elsewhere.

US Digital Video Ad Spending Share, by Device, 2018-2023

% of total



■ Mobile* ■ Other**

Note: *includes advertising that appears on mobile phones, tablets and other mobile internet-connected devices; **includes advertising that appears on desktop and laptop computers and other nonmobile internet-connected devices

Source: eMarketer, Feb 2019

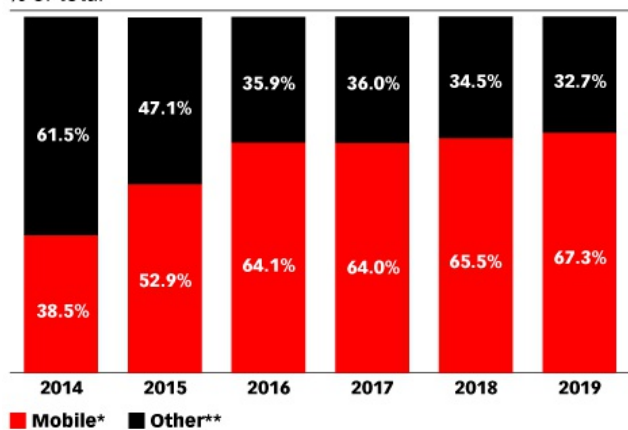
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One big exception to the nonmobile skew of video ad spending is social video, of which 93% will go toward mobile placements in 2019. That's largely because the overwhelming majority of Facebook's ad revenues (94% in 2019) come from mobile spending.

The initial shift to a mobile-dominated digital ad market in the US was largely driven by display advertising, which made up 44.6% of digital ad spending in 2015. That year, mobile display spending grew 62.9% to \$15.71 billion. And 2015 was also the year mobile commanded more than half of total digital ad dollars. Search ad spending caught up in 2016, when more than \$20 billion was invested in mobile ads, a 45.4% increase year over year.

US Digital Ad Spending Share, by Device, 2014-2019



Note: *includes advertising that appears on mobile phones, tablets and other mobile internet-connected devices; **includes advertising that appears on desktop and laptop computers and other nonmobile internet-connected devices
Source: eMarketer, Feb 2019

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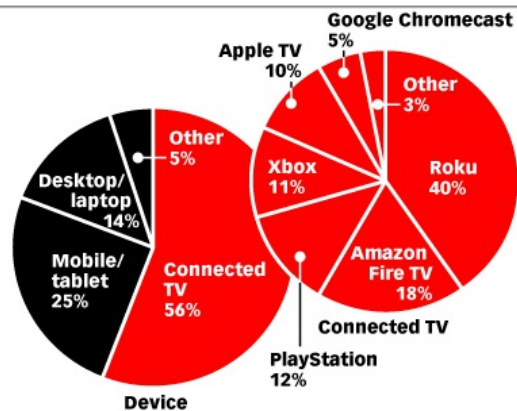
In 2019, the \$36-billion video ad industry remains the only outlier in this respect, and the reason is simple: the rise of over-the-top (OTT) TV advertising. We don't break out OTT ad spending from the nonmobile total, but, for example, [Hulu is expected to gross nearly \\$2 billion](#) this year in ad revenues.

According to data from Extreme Reach, 44% of all digital video ad impressions the company serviced in Q4 2018 went to connected TV devices. And connected TV could play an even larger role in the video ad market if ad-supported streaming continues to expand. The Roku Channel, [which launched in 2017](#), offers free ad-supported content to [Roku's 22 million registered users](#). Amazon, which [already owned Twitch](#), further expanded into the ad-supported streaming market this year with [IMDb Freedive](#). And the expected launch of [NBCUniversal's streaming service](#) in 2020 will bring another major player to the ad-supported OTT market.

Some of this content is being viewed on mobile devices, according to October 2018 data from video measurement and intelligence platform Conviva. But 56% of time spent viewing OTT video worldwide is on connected TV.

Share of Time Spent Viewing Over-the-Top (OTT) Video Worldwide, by Device, Q3 2018

% of total



Note: represents activity on the Conviva platform, broader industry metrics may vary; numbers may not add up to 100% due to rounding
Source: Conviva, "State of the Streaming TV Industry: Q3 2018," Oct 31, 2018

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While mobile video ad spending will continue to grow in the US, the nonmobile segment will remain a healthy component of the video ad market, as long as ad-supported OTT services remain prevalent.