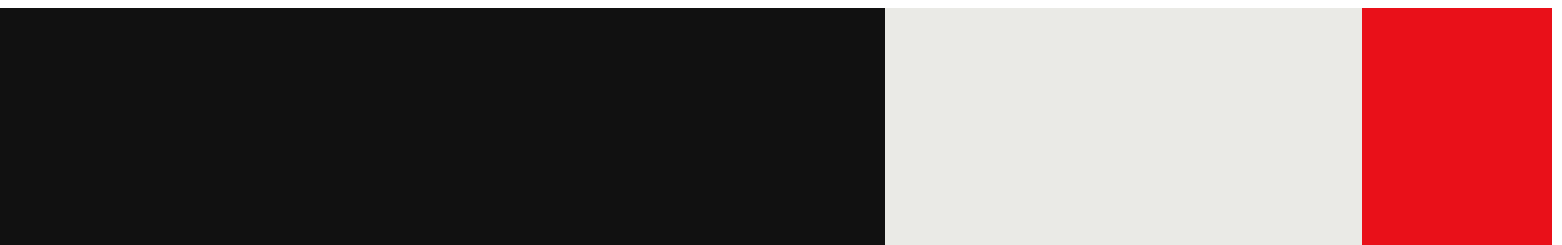


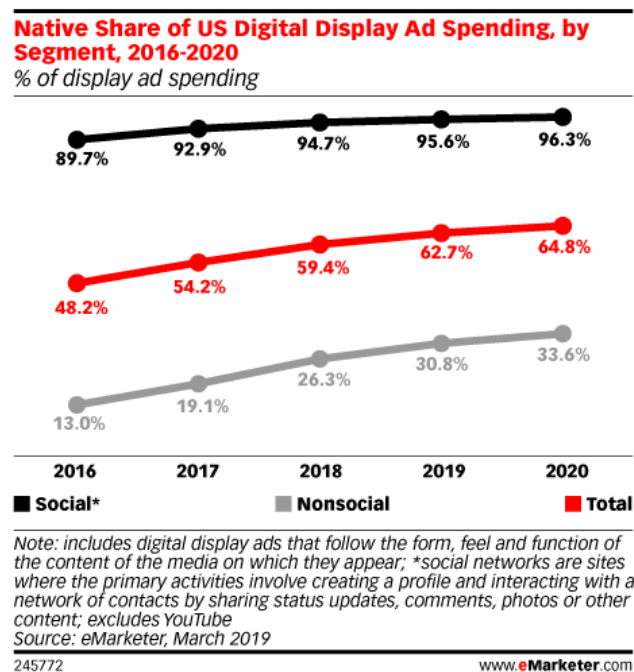
Driven by Social, Native Accounts for Nearly Two-Thirds of Display Ad Spend

Article



We forecast that native advertising will account for 62.7% of total US display ad spending in 2019, up from 54.2% in 2017. The bulk of native ad spend will go to social network platforms,

with most of the money winding up in Facebook’s hands. This year, native will account for 95.6% of social digital display ad spend.



We define native advertising as digital ads that match the visual design of a specific user experience, where they function and look like natural content on a platform. That encompasses a number of widely varying formats, including ads in social media feeds, content recommendation widgets, custom ads and sponsored content.

Per our forecast, US advertisers will spend \$43.90 billion this year on native display ads—\$8.66 billion more than they did last year.

While native will soon account for about two-thirds of all US display ad spend, that figure masks the near ubiquity of native ads on social networks. It also obscures the fact that, outside of social networks, more than two-thirds of display spend will *not* be native.

Nonsocial native ads are typically **purchased programmatically and seen on mobile phones**.

However, the nonsocial side of the native ad market is quickly growing. We estimate that native will account for 30.8% of nonsocial display ad spend this year, up from 19.1% in 2017.

“Native formats have made significant inroads in channels like mobile apps, but there are still a lot of traditional display units being traded programmatically, especially on desktop and the mobile web,” eMarketer principal analyst Nicole Perrin said. “Taking into account the fact that

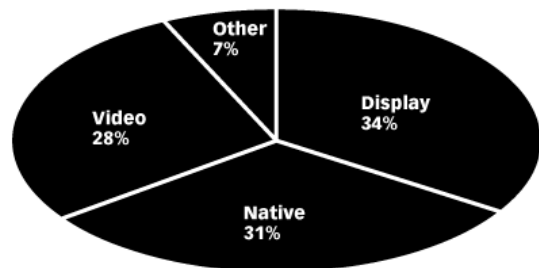
in-stream video is by definition nonnative, we don't expect native to completely take over display. And if social platforms are successful in attracting dollars to newer pre-roll and mid-roll formats, that could make their revenue mix less native as well."

Although the nonsocial part of the native ad market is much smaller than the social side, some digital media companies have become reliant upon nonsocial native ads. Programmatic native advertising outside social networking platforms took hold a few years ago, and a number of ad tech vendors have worked to bring together ad buyers and sellers at scale.

In a November 2018 study of US publishers by Advertiser Perceptions, respondents reported that native accounted for an average of 31% of their programmatic ad revenues.

**Ad Formats that Earned Programmatic Ad Revenues
in 2018 According to US Publishers**

% of total



Source: Advertiser Perceptions, "SSP Report: November 2018," Nov 15, 2018

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Social advertising can also influence nonsocial native campaigns. And as advertisers get more experience with programmatic native outside of social networks, they may direct more budget that way based on positive results.

"We have the ability to very easily adjust those assets from social, like Facebook, and are able to amplify an ad and distribute it on our platform easily—we're seeing a lot of that," said Craig Aron, senior vice president of strategic business development at buy-side native platform Bidtellect. "We have brands that are heavy up in social; they find native to be a nice bridge to extend their messaging and get customers in a new way."

eMarketer PRO subscribers can read the full **"US Native Advertising 2019"** report now.

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