

Breaking Out Video Ads: Native Vs. In-Stream

In-stream will remain hugely popular with advertisers

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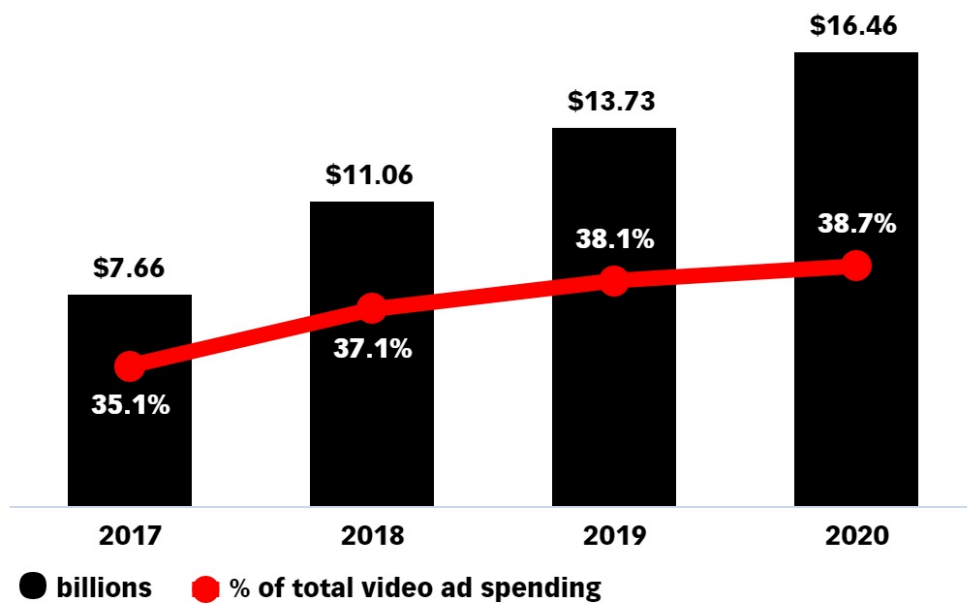
Blake Drosch

We forecast that native video will make up 38.1% of US digital video ad spending in 2019, but it won't take a much larger share in the near future.

For the first time, we have broken out video in our estimates of US native digital display ad spending. It's growing roughly in line with the video ad market as a whole, and we expect advertisers to spend 38.7% of their US digital video ad budgets on native formats in 2020.

Native Video Ad Spending

US, 2017-2020



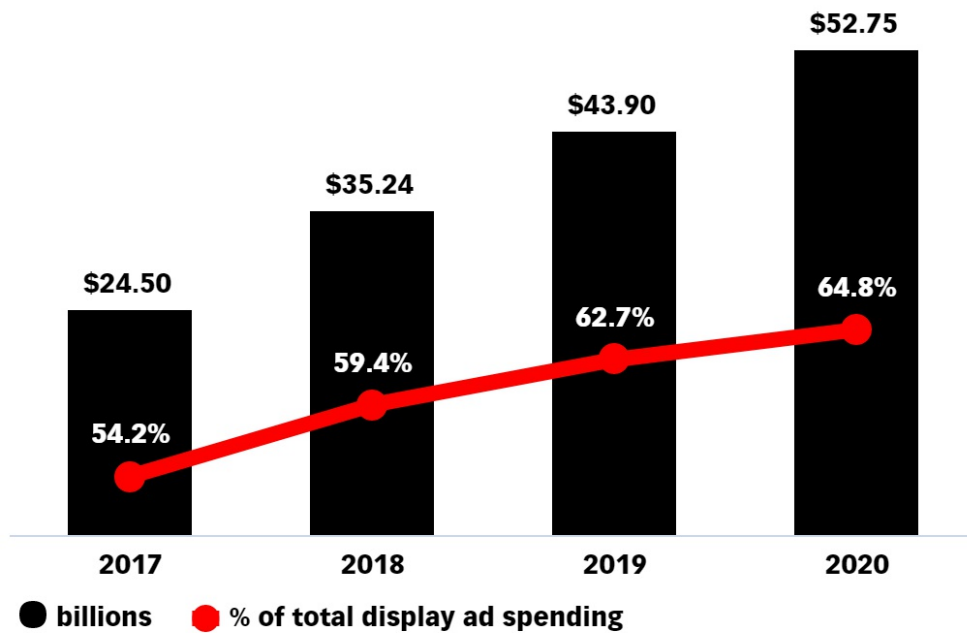
Source: eMarketer, March 2019

www.eMarketer.com

But looking at the broader digital display picture (which includes video), native has grown to a much larger share of ad spend at a faster rate. We expect US spending on native display ads will reach \$43.90 billion in 2019, making up 62.7% of all display ad spending. Between 2017 and 2020, native display will capture an additional 10.6-point share of the display ad market.

Native Display Ad Spending

US, 2017-2020



Source: eMarketer, March 2019

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Video ad spending skews less native because in-stream video ads are hugely popular with advertisers. These video ads are found on ad-supported over-the-top (OTT) services like Hulu and Roku and are even more prominent on YouTube, which alone will account for 11.5% of US digital video ad spending this year.

Social networking sites like Facebook, by contrast, still make most of their video ad revenues on native outstream formats like in-feed ads. But this could change in the future. Almost all social video ad spending went to native formats in 2017 (99.5%), but that number is expected to fall to 96.2% by 2020.

Facebook, the second-largest digital ad seller in the country, expanded its in-stream offerings last year, hoping to entice marketers with what it says are high completion rates and sound-on viewing. Twitter also has made in-stream video more dynamic. Late last year, the company made it possible for publishers to **monetize their organic videos worldwide**. Now, US publishers can host—and profit from—in-stream video ads outside their local markets.

These investments shouldn't put a substantial dent in native video's majority on social networks, but if Facebook Watch or other long-form video components become successful on social, there could be much more money being spent on in-stream video in the future.