

Video Swells to 25% of US Digital Ad Spending

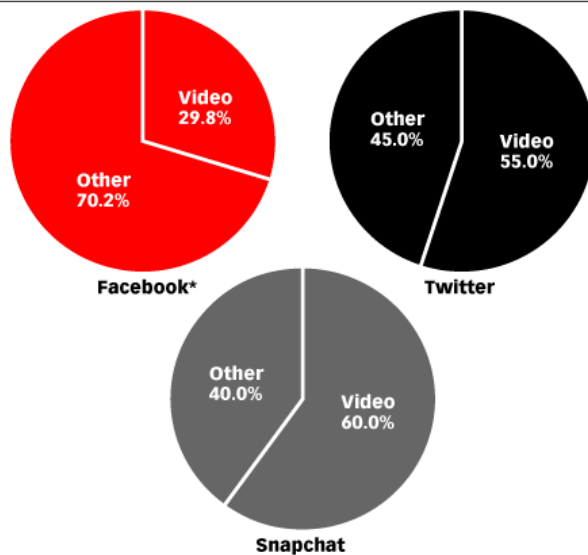
Facebook dominates with a quarter share

ARTICLE

eMarketer Editors

This year will mark a milestone for digital video advertising in the US, according to eMarketer's latest ad spending forecast. In 2018, video will grow nearly 30% to \$27.82 billion. That means video ad spending will make up 25% of US digital ad spending.

US Facebook*, Twitter and Snapchat Revenue Share, Video vs. Other, 2018
% of total company revenues



*Note: video includes paid video advertising appearing within social networks, social network games and social network apps; excludes spending by marketers that goes toward developing organic social video content; *includes Instagram ad revenues*
Source: eMarketer, Sep 2018

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FACEBOOK

Facebook will capture nearly one-quarter (24.5%) of all video ad spending in the US this year, at \$6.81 billion (including Instagram). That makes Facebook the top social video ad platform in the US. We expect that dominance to continue over the forecast period, with double-digit growth through 2020. Not surprisingly, Facebook controls nearly 87% of US social network video ad spending.

“In-feed video has been a successful ad format for both Facebook and Instagram,” eMarketer principal analyst Debra Aho Williamson said. “Marketers rely on in-feed video ads to capture users’ attention and build brand awareness. A newer video ad format, in-stream advertising in Facebook Watch shows, is still relatively new, but we think advertisers will increase their usage of it because it is similar to linear TV advertising.”

SNAPCHAT

Snapchat’s US video revenues will reach \$397.3 million this year, up nearly 19% over 2017. Video is by far the driving force behind Snapchat’s revenues, representing 60% of its US ad business through 2020. However, Snapchat’s share of social video spending will be 5.1% this year, while its share of the overall US video pie will be just 1.4%. That share will continue to grow slightly through 2020.

TWITTER

Twitter will derive more than half (55%) of its total US ad revenues from video in 2018. This year, video ad revenues will grow just over 12% to \$633.3 million. That gives Twitter an 8.1% share of US social video ad spending, and a 2.3% share of total video spending. Its share will continue to drop slightly through 2020.

YOUTUBE

While eMarketer does not consider YouTube a social network, its importance in the video ad space is too large to ignore. This year, YouTube will generate \$3.36 billion in net US video ad revenues, up 17.1% over last year. YouTube now derives 73% of its ad revenues from

video in the US. YouTube overall represents a steady 11% of Google's net US ad revenues.

Because traffic acquisition and content acquisition costs exceed half of YouTube's gross revenues—higher than its rivals—it would not be entirely accurate to compare YouTube's share of video ad revenues to the other platforms mentioned here.

eMarketer has revised its definition of video ad spending to now include social platforms. Includes paid video advertising appearing within social networks, social network games and social network apps; excludes spending by marketers that goes toward developing or maintaining a social network presence; includes Instagram advertising revenues.