PROGRAMMATIC VIDEO ADVERTISING INSIGHTS
Q3, 2019
Programmatic Video Advertising Insights

2019: The Tipping Point for Programmatic Video Advertising

55% of marketers use a programmatic company to buy their video advertising in 2019\(^1\)

50% of total programmatic digital display ad spend in 2019 in the US will be on video\(^2\)

5X faster growth for programmatic video ads than overall advertising in 2019\(^3\)

\(^1\)IAB, April'19  \(^2\)eMarketer, May'19  \(^3\)Zenithmedia
Programmatic Video Advertising Insights

Programmatic Video Is Set to Dominate The Advertising World

Growing ad spends Y-o-Y

$29.2 billion: Total programmatic video ad spending in 2019 in the US alone. It is expected to cross $34 by 2020, a 26% increase. With such high growth numbers, marketers need a healthy mix of the programmatic video in their marketing mix to ensure they stay ahead of the curve\(^1\)

Rising Digital Video Consumption

240 million+: US digital video viewers in 2020.2 To match this scale, marketers need to leverage the scalability offered by programmatic otherwise they will lose significantly audience mindshare if routing through traditional buying mechanisms\(^2\)

New Digital Devices Driving Programmatic

66%: global growth in programmatic OTT/CTV ad transactions\(^3\) in H1 2019. With the proliferation of new OTT/CTV devices, marketers are bound to follow the eyes of the customers. Programmatic offers a seamless way of creating a multi-channel digital video ad strategy that touches consumers at the right time on the right device\(^3\)

\(^1\)eMarketer, April 2019  \(^2\)eMarketer, Sept 2018  \(^3\)Pivotal: H1 2019: OTT/CTV Supply Chain Intelligence
What Has Increased Confidence in Programmatic Video?

**Decrease in Ad Fraud**

<table>
<thead>
<tr>
<th>2017</th>
<th>2019</th>
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<td>$6.5 B</td>
<td>$5.8 B</td>
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-11% Decline in ad fraud in digital advertising in 2019 vs 2017\(^5\)

**Industry Initiatives**

- **Adoption of Ads.txt & App-ads.txt**
  - 43% of top 1000 domains have ads.txt file\(^1\)
  - 27% of top 1000 apps have app-ads.txt\(^2\)

- **TAG Certified Against Fraud Seal**
  - 131 companies have (Direct Buyers, Direct Sellers, Intermediaries and Anti-Fraud & Measurement Services) been awarded the seal communicating their commitment to combating fraudulent traffic in the digital supply chain\(^3\)

- **Sellers.json and OpenRTB Supply Chain Object**
  - 109 sellers have implemented and made their sellers.json file publicly available

**Improved Video Ad Experience**

- **Bidding and Auction moving to Server-Side connections**

Publishers and buyers are moving to server-side auctions to alleviate the limitations (latency, complex implementation, limited ad requests) of client-side technology

**High Viewability and Video Completion Rates**\(^4\)

- **Video Completion Rate** 89%
- **Viewability Rate** 70%

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1. adstxt.firstimpression.io
2. appadstxt.pubmatic.com
3. tagtoday.net/certified-against-fraud-programcompliantcompanies/
4. emarketer.com, July’19
5. ANA + White Ops 2019
Programmatic Advertising Insights from Chocolate

In this report, we delve into trends seen in Q3, 2019 on Chocolate’s own programmatic platform. The data that follows sheds light on how programmatic video advertising is steadily growing, how in-app ads are driving the market growth, top advertiser & publisher categories, top video ad formats and many more actionable data points that will help marketers and programmatic buyers in their media buying journey.

Chocolate is one of the leading programmatic video advertising technology company. We recently launched, Chocolate Premium, the world’s first video SSP with 100% server-side auctions. In this report, we analyzed data from Chocolate Marketplace, an exchange which comprises of direct & resold inventory and Chocolate Premium, a video SSP which comprises of 100% direct inventory only. To know more about Chocolate Premium Video SSP, read our press release here.
Chocolate Marketplace Overview

- 71% of video impressions served under 250 ms exceeding the industry benchmark for video ad latency.

- 32% increase in app ad spend in Q3'19 vs Q2'19.

- 98% inventory is in-app across mobile and CTV.

Ad Spend

33%

Growth in video ad spend by demand partners (DSPs, ATDs and Agencies) on Chocolate Marketplace in Q3, 2019 vs Q2, 2019.

Video Ad Impressions

46%

Growth in video ad impressions by demand partners (DSPs, ATDs and Agencies) on Chocolate Marketplace in Q3, 2019 vs Q2, 2019.
Chocolate Premium Video SSP Overview

Fast growing, unique & 100% server-side video ad auctions

- **4X** increase in direct inventory on Chocolate Premium in Q3’19 vs Q2’19
- **1139** leading media and broadcasting website and apps sell their inventory on Chocolate Premium

- **3.45 Billion** video ad auctions on Chocolate Premium in Q3’19

High performance and optimized supply path

**Video Ad Impressions**

92%

video ad impressions on Chocolate Premium served under 150 ms exceeding industry benchmarks for video ad latency

**Video Completion Rate**

78%

avg. video completion rate (VCR) on Chocolate Premium in Q3’19

Sellers.json and OpenRTB Supply Chain Object implemented enabling transparency & trust in programmatic buyers
Marketers have embraced in-app programmatic buying. This strong growth is a positive sign for the industry as consumers spend increasingly more time on apps.

Programmatic buyers are realizing the true value of in-app advertising. As we see the no. of video impressions has gone up significantly highlighting the growing acceptance of video ads inside the app environment.

Data For Chocolate Marketplace and Premium Video SSP combined
Top Advertisers by % growth in ad spend
% change Q3’2019 vs Q2’2019

- Technology: +867%
- Business: +263%
- Sports: +239%
- Travel & Leisure: +172%
- CPG/FMCG: +157%
- Law, Gov’t & Politics: +104%
- QSR: +81%
- Auto: +70%

Data For Chocolate Marketplace and Premium Video SSP combined
Programmatic Video Advertising Insights

Top Advertisers by % of ad spend

Q3'2019

- Technology: 24%
- Retail: 27%
- CPG/FMCG: 18%
- Auto: 9%
- Entertainment: 8%
- Travel & Leisure: 4%
- Other: 10%

Data For Chocolate Marketplace and Premium Video SSP combined
Top Publisher Categories by % of ad auctions
Q3, 2019

- 21% Food & Drink
- 11% Arts and Entertainment
- 9% Style & Fashion
- 6% Sports
- 6% News
- 5% Science & Technology
- 4% Travel

Data For Chocolate Marketplace and Premium Video SSP combined
Latency has been a major pain point when it comes to video advertising. At Chocolate, we ensure a robust infrastructure to support heavy ad formats like video and more importantly, by co-locating our ad servers closer to the end-user we deliver a seamless video ad experience on any device. Chocolate has ad servers in the East & West Coast in the US, in the EU and in the APAC. Our latency numbers are at par if not exceeding the industry benchmarks which usually hover around 250-300 ms.
Programmatic Video Advertising Insights

Top Cities Targeted By The Marketers
% share of total auctions conducted in each city in Q3 2019

- Seattle 2%
- San Francisco 2%
- Los Angeles 6%
- Minneapolis 2%
- Chicago 4%
- Detroit 2%
- DC 3%
- New York 8%
- Philadelphia 3%
- Boston 2%
- Atlanta 3%
- Houston 2%
- Battle Creek MI 1%

Data For Chocolate Marketplace and Premium Video SSP combined
Programmatic Video Advertising Insights

Top Video Ad Formats by % of Ad Spend

- 320x480: 62%
- 300x250: 19%
- 768x1024: 8%
- Others: 11%

Fastest Growing Video Ad Formats by % of Ad Spend

- 480x320: +27.47%
- 720x1280: +19.33%

Data For Chocolate Marketplace and Premium Video SSP combined
Eliminating Ad Fraud from Chocolate Programmatic Platform
Q3, 2019

Chocolate has partnered with White Ops, a leading trusted third-party fraud prevention and detection vendor. Through this partnership, both pre-serve IVT and post-serve IVT are covered on 100% of traffic on Chocolate. Chocolate is committed to ensuring a fraud-free, brand-safe environment for marketers and publishers alike. Chocolate is awarded TAG Certified Against Fraud Seal, and is one of the early SSPs to implement Sellers.json file and OpenRTB Supply Chain Object. With strict adherence to work with inventory that is ads.txt and app-ads.txt compliant, we are pushing forward to create an optimized supply path for marketers, DSPs, and other programmatic buyers.

Source: White Ops

Data For Chocolate Marketplace and Premium Video SSP combined
Programmatic Video Advertising Insights

**Methodology**
We analyzed over 157 B auctions on Q4, 2019 on Chocolate programmatic platform. This report incorporates auctions, impressions, revenue, and ad format data to provide a high-level analysis of key trends within the mobile advertising industry. Data is from the third (1st Jul - 30th Sept) and second (1st Apr - 30th Jun) quarter of 2019.

**About Chocolate**
Chocolate is a leading programmatic video advertising technology company. We offer two core products, **Chocolate Premium**, the world’s first video SSP and marketplace with 100% server-side auctions and Chocolate Mediation, a revenue management platform for app developers. Chocolate is a privately held, venture-backed company headquartered in Silicon Valley with offices in San Francisco, CA, and India.

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