


Rewarded Video Helps Mobile Advertisers Move on from Impressions

Article



Mobile video advertisers are on the hunt for ways to make their ads more engaging, and not just another commercial consumers have to tolerate. Rewarded video ads—also known as value exchange ads—seem like the answer. But are the benefits worth the cost?

After showing strong performance in gaming apps, rewarded video is beginning to prove its worth elsewhere. The format allows the advertiser to give something back to the user in

exchange for their attention. First it was another life or extra coins in a game, but it's breaking into other categories, like uninterrupted entertainment for a length of time or even a coupon from a retailer.

"Rewarded video is going through an evolution," said Maggie Mesa, head of mobile at OpenX, **in a recent episode of eMarketer's "Behind the Numbers" podcast.** "It started with game developers who were hypersensitive around user experience, and we're definitely seeing that mature beyond game developers and diversify into new types of supply partners."

"We are seeing that translate more on the brand and agency side as well," she added.

A rewarded video ad like this one from Spotify is regularly shown to nonsubscribers.





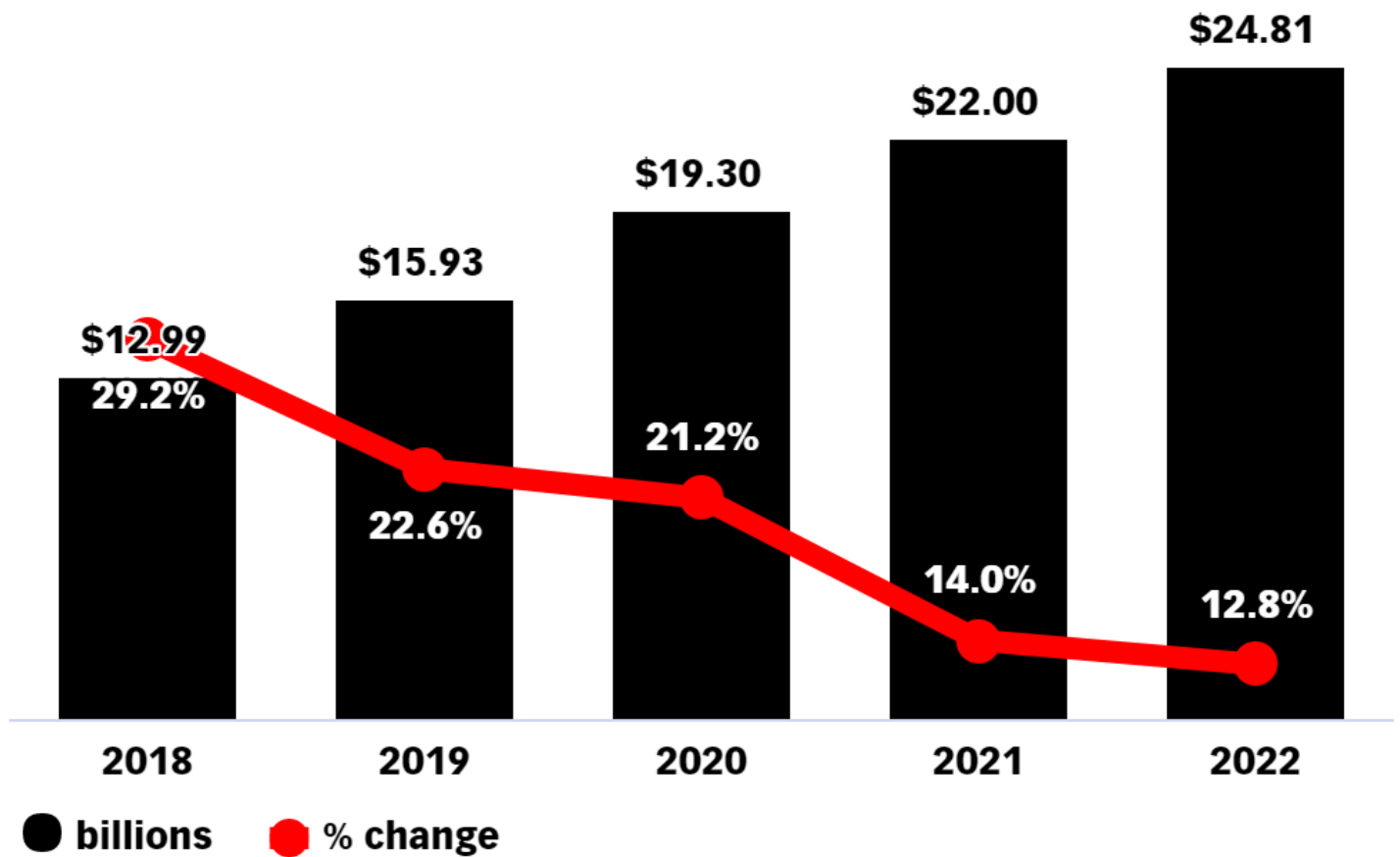
If H1 2018 is any indication, marketers are putting more ad dollars toward mobile video.

A November 2018 report from **Interactive Advertising Bureau (IAB)** and **PwC** found that in the first six months of 2018, mobile video ad spending in the US grew 61.5% year over year.

Meanwhile, we estimate that by the end of 2018, US mobile video ad spending will grow by 29.2% and reach \$12.99 billion. In 2019, it will grow by another 22.6%.

Mobile Video Ad Spending

US, 2018-2022



Source: eMarketer, September 2018

www.eMarketer.com

As marketers consider how to allocate their mobile video budgets, interest in opt-in formats, such as rewarded video, seems strong. According to a June 2018 **OpenX** study, two-thirds of US marketers surveyed said they plan to increase their spend on opt-in video in 2019.

"We'll see brands invest in this format in the next year to 18 months, especially as they're shifting more toward video first vs. display first," OpenX's Mesa said.

There are many benefits of rewarded video that marketers can't get with other mobile video formats.

As Mesa indicated, the user experience is a lot better when users feel there's an even value exchange with the advertiser. Ari Brandt, executive vice president of strategic development at Verve, agrees: "Time and attention is currency for users on mobile devices, and they want something in exchange for their time. In rewarded ads, you are actually giving something of value to that user."

Rewarded video also replaces the traditional push approach to advertising and allows the user to be in control. "When someone accepts an offer to participate, versus having a brand thrust in their face, it makes all the difference in the world," said Mitchell Reichgut, CEO of Jun Group. This also means that **viewability** isn't a concern with rewarded ads.

But these benefits come with a high price tag.

Because rewarded video ads are engagement buys—not impression buys—they tend to be more expensive than the typical display ad.

In Reichgut's view, marketers can expect to see more website visits and coupon downloads after a rewarded video is viewed. "There's more specificity of audience, so it can be more expensive. But it's a different type of engagement, and the expectation should be set accordingly. You should be getting more value for the dollar than just a random exposure to an ad," he said.

When marketers want more than just impressions from their mobile video ads, they're likely to turn to rewarded video. Ninety percent of the marketers surveyed by OpenX agreed that opt-in video generates stronger engagement metrics for ads compared with other formats.

For a deeper look into the mobile video advertising ecosystem in the US, look for the upcoming report "US Mobile Video Advertising" from eMarketer senior analyst Rahul Chadha.

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