US DIGITAL DISPLAY ADVERTISING TRENDS

Eight Developments to Watch for in 2016

JANUARY 2016

Lauren T. Fisher

Contributors: Catherine Boyle, Rebecca Chadwick, Amy Rotondo

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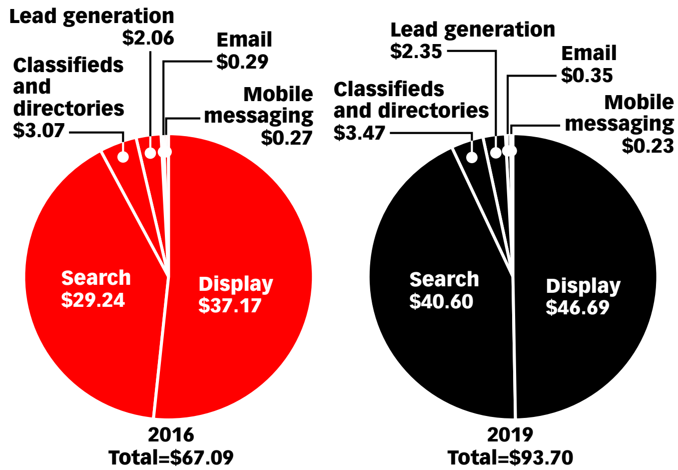
US DIGITAL DISPLAY ADVERTISING TRENDS: EIGHT DEVELOPMENTS TO WATCH FOR IN 2016

2016 will be the year in which digital display ad spending surpasses search ad spending in the US. What do advertisers and publishers need to know to keep pace with this acceleration? eMarketer shares the top trends to track.

- Programmatic advertising will continue to drive growth and innovation. In a first, more than 50% of all US digital video ad spending will flow via automation in 2016. Programmatic direct deals and video are two significant factors contributing to this rise.
- Consumers' cross-screen habits will push the industry to begin to tie digital and TV together—first through sharing data. Demand for cross-device will also keep buyers investing in "walled gardens," such as those created by Facebook and Google, where many cross-device challenges, such as targeting and measurement, are much closer to being solved.
- Brands and advertisers will continue their push to own and amass first-party data. And many will look to use that data to begin to merge their ad tech and marketing technologies.
- Publishers will tackle ad blocking head on. They will look to monitor and to better understand its effects on their own properties, and many will re-evaluate their advertising efforts as a result.
- With regard to issues of ad quality, many will look to shift from standard CPMs to viewable CPMs. In addition, the focus on ad fraud will expand to mobile and broaden beyond nonhuman traffic.

WHAT'S IN THIS REPORT? This report highlights the eight most important trends affecting digital display advertisers in 2016.

US Digital Ad Spending, by Format, 2016 & 2019
billions



Note: includes advertising that appears on desktop and laptop computers as well as mobile phones, tablets and other internet-connected devices on all formats mentioned; numbers may not add up to total due to rounding
Source: eMarketer, Sep 1, 2015

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KEY STAT: In 2016, digital display ad spending will surpass search ad spending in the US for the first time, reaching $32.17 billion. By 2019, display's share of US digital ad spending will pull even further ahead, reaching 49.8%, or $46.69 billion.

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THE DIGITAL DISPLAY TRENDS TO WATCH THIS YEAR

In 2016, digital display ad spending will eclipse search ad spending in the US for the first time. Combined, the categories of video, sponsorships, rich media and "banners and other" will account for the largest share of digital ad spending: 47.9%, worth $32.17 billion.

US Digital Ad Spending, by Format, 2014-2019
billions

	2014	2015	2016	2017	2018	2019
Search	**$23.44**	**$26.53**	**$29.24**	**$32.32**	**$36.41**	**$40.60**
Display	**$21.07**	**$26.15**	**$32.17**	**$37.20**	**$41.87**	**$46.69**
—Banners and other*	$10.53	$11.57	$13.39	$14.74	$16.17	$17.68
—Video	$5.24	$7.46	$9.59	$11.43	$13.05	$14.77
—Rich media	$3.71	$5.44	$7.42	$9.17	$10.69	$12.19
—Sponsorships	$1.58	$1.68	$1.77	$1.86	$1.96	$2.06
Classifieds and directories	**$2.82**	**$2.94**	**$3.07**	**$3.20**	**$3.33**	**$3.47**
Lead generation	**$1.88**	**$1.97**	**$2.06**	**$2.15**	**$2.25**	**$2.35**
Email	**$0.25**	**$0.27**	**$0.29**	**$0.31**	**$0.33**	**$0.35**
Mobile messaging	**$0.24**	**$0.26**	**$0.27**	**$0.26**	**$0.24**	**$0.23**
Total	**$49.69**	**$58.12**	**$67.09**	**$75.44**	**$84.44**	**$93.70**

*Note: includes advertising that appears on desktop and laptop computers as well as mobile phones, tablets and other internet-connected devices on all formats mentioned; numbers may not add up to total due to rounding; *includes ads such as Facebook's News Feed Ads and Twitter's Promoted Tweets*
Source: eMarketer, Sep 2015

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Within the display umbrella, advertisers will invest the most on "banners and other," a category that includes many types of native ads and ads on popular social sites like Facebook and Twitter. Overall, one in five dollars devoted to digital in 2016 will go to "banners and other" digital display ad types. Video will also command a large portion of ad spending allocated to digital in 2016: 14.3%, up from 12.8% in 2015.

Spending growth in the categories of rich media and video will both be significant: 36.4% and 28.5%, respectively. Rich media's growth will be driven by growing adoption of "out-stream" and in-feed video ad formats, while video will grow due to publishers looking to capitalize on high-demand, high-value in-stream video ad inventory.

US Digital Ad Spending Growth, by Format, 2014-2019
% change

	2014	2015	2016	2017	2018	2019
Display	**20.4%**	**24.1%**	**23.0%**	**15.6%**	**12.6%**	**11.5%**
—Rich media	42.1%	46.6%	36.4%	23.6%	16.5%	14.1%
—Video	40.8%	42.4%	28.5%	19.2%	14.2%	13.1%
—Banners and other*	8.5%	9.9%	15.7%	10.1%	9.8%	9.3%
—Sponsorships	8.8%	6.0%	5.5%	5.3%	5.2%	4.8%
Search	**14.0%**	**13.2%**	**10.2%**	**10.5%**	**12.7%**	**11.5%**
Mobile messaging	**-3.3%**	**9.4%**	**2.7%**	**-3.6%**	**-6.6%**	**-2.7%**
Email	**5.1%**	**8.5%**	**8.4%**	**7.3%**	**6.6%**	**6.5%**
Lead generation	**4.6%**	**4.7%**	**4.6%**	**4.5%**	**4.6%**	**4.3%**
Classifieds and directories	**4.6%**	**4.5%**	**4.4%**	**4.2%**	**4.1%**	**4.0%**
Total	**15.5%**	**17.0%**	**15.4%**	**12.4%**	**11.9%**	**11.0%**

*Note: includes advertising that appears on desktop and laptop computers as well as mobile phones, tablets and other internet-connected devices on all formats mentioned; *includes ads such as Facebook's News Feed Ads and Twitter's Promoted Tweets*
Source: eMarketer, Sep 2015

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While desktop will remain the biggest beneficiary of US digital video ad dollars in 2016, garnering 57.5% of an expected $9.59 billion in spending, the same cannot be said for the remaining display ad formats. Of the $22.58 billion that will go to banners, rich media, sponsorships and other display-based formats in the US this year, 77.5%, or $17.5 billion, will be spent to reach individuals on mobile devices like smartphones and tablets.

US Digital Ad Spending, by Device and Format, 2014-2019
billions

	2014	2015	2016	2017	2018	2019
Mobile*	**$19.15**	**$30.45**	**$42.01**	**$50.84**	**$57.95**	**$65.49**
Display	$9.65	$15.55	$21.58	$26.21	$29.83	$33.70
—Banners, rich media, sponsorships and other**	$8.11	$12.77	$17.50	$21.02	$23.85	$26.89
—Video	$1.54	$2.78	$4.08	$5.19	$5.98	$6.82
Search	$8.72	$13.62	$18.54	$22.18	$25.11	$28.25
SMS/MMS/P2P messaging	$0.24	$0.26	$0.27	$0.26	$0.24	$0.23
Other (classifieds and directories, email and lead generation)	$0.55	$1.02	$1.63	$2.18	$2.77	$3.30
Desktop***	**$30.54**	**$27.67**	**$25.08**	**$24.60**	**$26.49**	**$28.21**
Search	$14.72	$12.91	$10.70	$10.13	$11.30	$12.35
Display	$11.42	$10.60	$10.58	$10.98	$12.05	$12.99
—Banners, rich media, sponsorships and other**	$7.72	$5.92	$5.08	$4.75	$4.97	$5.04
—Video	$3.70	$4.69	$5.51	$6.23	$7.07	$7.95
Other (classifieds and directories, email and lead generation)	$4.40	$4.16	$3.80	$3.48	$3.14	$2.87
Total	**$49.69**	**$58.12**	**$67.09**	**$75.44**	**$84.44**	**$93.70**

*Note: *ad spending on tablets is included; **includes ads such as Facebook's News Feed Ads and Twitter's Promoted Tweets; ***includes spending primarily on desktop-based ads*
Source: eMarketer, Sep 2015

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On the one hand, numbers like these reveal a vibrant market in which consumer-led media habits (particularly increases in video consumption and mobile device usage) are funneling display ad dollars to the most desired channels and formats.

But while it may seem to the casual observer that in-stream video, in-feed video and mobile are thriving effortlessly, those entrenched in digital display advertising know that growth in ad dollars can only come from painstaking investment in things like cross-device capabilities, programmatic advertising and continual efforts to address issues of ad viewability and fraud. The following trends are the ones that eMarketer believes most likely to affect digital display spending in 2016 and in the next few years to come.

PROGRAMMATIC WILL CONTINUE TO DRIVE INNOVATION AND GROWTH

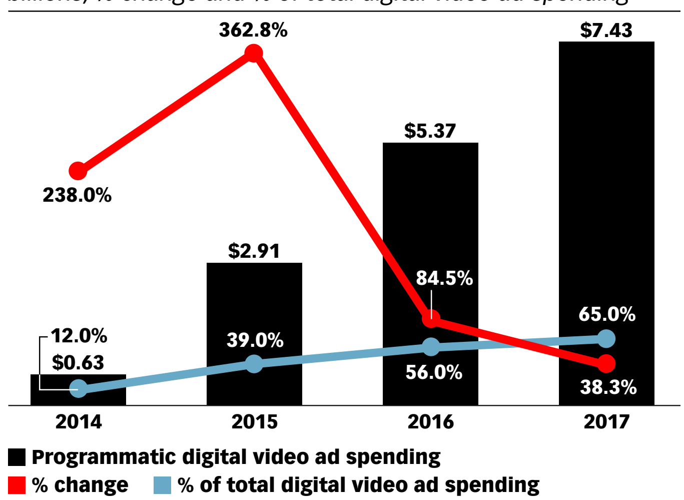
Programmatic is no longer just a buzzword, but an essential part of the digital display advertising ecosystem. In one sign of its importance, the bulk of buyers, sellers and ad tech players have retrofitted their practices to incorporate this data-driven, automated way of advertising.

eMarketer predicts programmatic digital display advertising will reach $21.55 billion in 2016, accounting for 67% of all US digital display ad spending.

It's hard to overstate programmatic's influence on the digital display advertising ecosystem, particularly in the areas of mobile, video, native and even television. All four of these categories were covered extensively in eMarketer's October 2015 programmatic report series, and they will continue to be important areas of growth throughout 2016. However, two specific spending trends merit brief mention:

Programmatic video will pass the 50% mark. Video was once considered a programmatic holdout, but this year programmatic video ad spending will reach $5.37 billion, or 56.0% of total US digital video ad spending for the year.

US Programmatic Digital Video Ad Spending, 2014-2017
billions, % change and % of total digital video ad spending



Note: digital video ads transacted via an API, including everything from publisher-erected APIs to more standardized RTB technology; includes advertising that appears on desktop/laptop computers, mobile phones, tablets and other internet-connected devices; includes pre-, mid-, post-roll in a video player environment
Source: eMarketer, Oct 2015

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Rapid adoption of the "video everywhere" mentality among buyers and sellers—a desire to reach consumers wherever and whenever they seek to consume video content—is pulling programmatic video forward. Expect to see further partnerships and efforts from broadcasters and networks to bring their TV content to computers, smartphones, tablets and other digital devices this year. eMarketer also expects to see an influx of over-the-top (OTT) and connected TV digital video content and ad inventory as the number of TV programs continues to climb and more content owners look to syndicate their programs this way to follow cord shavers and cord cutters, and turn to programmatic methods to offer accompanying advertising opportunities.

Programmatic buying will move direct. eMarketer estimates 53% of all US programmatic digital display ad spending will be done via programmatic direct means in 2016, whether that's via a publisher-owned API from social sites like Twitter or Facebook or by way of programmatic guarantees constructed via supply-side platforms (SSPs) and demand-side platforms (DSPs).

Today, most programmatic direct ad dollars are moving via publisher-owned APIs. Given the rise of native advertising as well as the increasing movement of top publishers and platforms toward closed ecosystems (known colloquially as "walled gardens"), this form of programmatic direct transacting will continue to dominate in 2016.

Many other programmatic-specific trends will play important roles in driving digital display advertising growth this year, including programmatic creative, native and header bidding. eMarketer's March 2016 programmatic advertising trends report will go into deeper detail about these and other key trends.

CROSS-DEVICE INERTIA WILL PUSH BUYERS DEEPER INTO WALLED GARDENS

Enthusiasm for cross-device targeting, measurement and attribution will only grow stronger in 2016. But while demand for cross-device capabilities will climb, the technologies and capabilities required to execute cross-device in a truly holistic, platform-agnostic way will continue to lag behind, thanks to the difficulty of moving away from cookies and the lack of a universal identifier that could take their place.

"You've got this entire market built on a cookie, and it's very hard for people to get off of that," said Mike Driscoll, CEO and founder of programmatic analytics firm Metamarkets. "That's what's creating the friction."

As explained in eMarketer's December 2015 report, "Cross-Device Targeting: First-Party Data, TV and Privacy Are Big Factors for 2016," only a minority of companies today claim to have a single, cross-device view of their audiences, thanks to challenges associated with bridging cookie and non-cookie-based identifiers across every single platform or publisher. For sellers, this has served to divide them into haves and have-nots, though that's not to say that all the haves are at an equal advantage.

Those in the best position to navigate the cross-device world today tend to be those relying primarily on known-user information, such as logins or email addresses (vs. cookies or device identifiers), to know with near certainty that a logged-in individual is one and the same across the desktop and mobile web, in-app and on any other digitally connected device. Through their walled gardens, companies like Facebook, Google and others offer a complete solution for both audience targeting and measurement capabilities.

"Players like Verizon and AOL, as well as Facebook, are able to allow marketers to spend on mobile and do attribution within themselves in a way that's just not possible in the market at large," Driscoll said. "That's been a real catalyst for growth in some of the walled gardens."

The growth and success of these platforms, many of which offer largely mobile audiences, is obvious. Already considered staples of many cross-device media plans, walled gardens will continue to attract ad dollars in 2016 as the broader ecosystem continues to improve existing device identification practices.

While this will be a strong year for the walled gardens from a cross-device standpoint, we also expect these platforms to begin to feel pressure from buyers hoping to get a little bit more out of these closed ecosystems. In the short term, their capabilities surpass those of the broader landscape. But long-term, buyers will grow increasingly frustrated with their inability to align these efforts with their other campaigns.

"Marketers want the ability to identify their audiences across these channels, because the fundamental metric of every marketing campaign is reach and frequency," Driscoll said. "But those fundamental metrics are not available across the different walled gardens, or even the unwalled gardens of mobile, where you don't have good attribution."

Although some of the walled gardens might begin to offer a bit more back to advertisers for cross-device purposes, those expecting these platforms to simply hand over audience data are likely to be disappointed.

"There's a natural limitation to what they can do," said John Nardone, CEO of ad-serving and online technology platform Flashtalking. "There's too much risk for Facebook and Google from a privacy standpoint to share their data at a user level. And they certainly can't share it at a user level in a way that advertisers are going to be able to combine it with their other data."

And finally, while the walled gardens might have the advantage early on in 2016, marketers should not discount advancements from some of the larger players, particularly those in possession of large data management platforms (DMPs) and tech stacks, such as Oracle, Adobe and Experian.

"I think people are going to be doing a lot more with cross-device than they're talking about right now," Nardone said. "The industry will make a lot of progress this year, but we just won't be hearing people shout it from the rooftops because it's close enough to that privacy third rail that people have to be careful."

CROSS-DEVICE WILL ALSO HELP TV AND DIGITAL COME TOGETHER

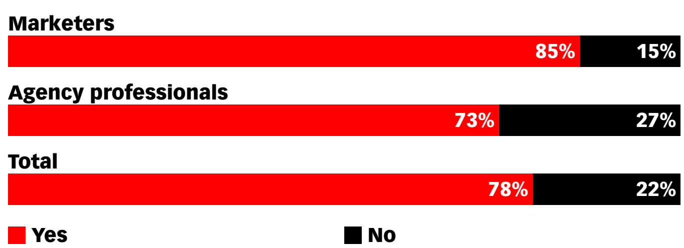
The importance of cracking cross-device might have first been aimed at bridging the digital divide between desktop and mobile (both web and in-app), but in 2016, that focus will expand to bring all types of TV into the cross-device fold. Shifting consumer habits are making it clear that differentiations between one screen and the next are eroding quickly, leading both categories to merge.

"The television data story is going to be the one that develops," said Eoin Townsend, chief product officer at Collective. "It will be about moving data across the [TV-digital] chasm to get at data-informed TV."

Digital data is already moving into television in a variety of ways. On the more traditional end, brands are using audience data from the likes of Nielsen and Rentrak to optimize and select linear TV opportunities. On the more digital end of the spectrum, addressable TV advertising via set-top boxes and video-on-demand is allowing buyers to target households.

Given the multiple methods by which to use data to inform TV ad buys, it's hardly a surprise that the IAB found more than three-quarters (78%) of US marketers and agency professionals polled in July 2015 had used one of these forms of advanced TV advertising.

US Marketers vs. Agency Professionals Who Have Used Advanced TV Advertising*, July 2015
% of respondents



*Note: in the past 12 months; *includes addressable targeting, interactive TV, etc.*
Source: Interactive Advertising Bureau (IAB), "Advanced TV: Ad Buyer Perceptions" conducted by Advertiser Perceptions and sponsored by Samsung and AT&T AdWorks, Oct 8, 2015
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Expect to see a greater number of TV broadcasters and content owners enabling data-driven buying this year, whether through allowing advertisers to vet their audiences against specified data sets or through addressability via set-top boxes or video-on-demand.

And, as the year progresses, eMarketer also expects to see standards around addressable TV and programmatic TV advertising begin to emerge from TV or digital industry groups. That said, addressable capabilities remain the exception in US households, and given technological incongruity between traditional TV and digital, this more digitally driven type of TV ad buying will take time to implement.

BUYERS AND SELLERS WILL FLOCK TO OUT-STREAM AND IN-FEED VIDEO ADS

Video is an obvious choice for publishers looking to recapture the declining CPMs of standard display ads, cater to growing buyer demands and foster greater user engagement. But for many publishers, incorporating in-stream ads isn't always feasible, particularly among publishers not currently producing video content.

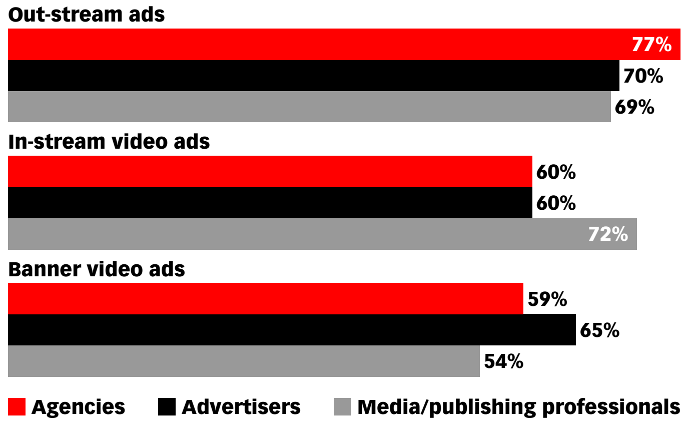
But that is changing thanks to the growing rise of "out-stream" video ads—that is, video ads that appear within nonvideo content—between paragraphs of text, for instance.

"Out-stream is the big, big thing right now," said Sydney Goldman, manager of marketing and communications at publisher-specific advertising solutions provider engage:BDR. "It creates additional revenue for publishers and gets them into the video 'game' even if they don't have video content teams in-house, and it creates additional scale on the advertiser side. In 2016, it's really going to become a big industry and another part of the video ecosystem."

Already, the majority of advertisers, agencies and publishers are keen to take advantage of out-stream advertising. A May 2015 survey of the three groups conducted by Forrester Consulting showed that the largest portion of advertisers and agencies polled worldwide were interested in out-stream ads. Publishers were slightly more interested in in-stream video ads vs. out-stream.

Types of Video Ads that Will Be More Important* to Their Clients' Advertising Portfolio According to Advertising, Agency and Media/Publishing Professionals Worldwide, May 2015

% of respondents



*Note: n=529; in the future; *"more" or "much more" important than today*
Source: Forrester Consulting, "Solving Digital Video Advertising's Premium Dilemma" commissioned by Teads, June 10, 2015

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For these reasons, eMarketer predicts out-stream video ads will gain in popularity in the coming year.

While out-stream and in-feed video ads are often discussed as forms of video advertising, eMarketer actually considers them to be forms of rich media advertising, given that fact that they are not attached to and do not appear within the context of actual video content. Given this classification, it should be no surprise that eMarketer forecasts the rich media category will grow the most of any digital display-based ad format in the US this year (36.4%). In contrast, digital video will grow 28.5%.

But out-stream won't be the only way to increase video ad inventory. In-feed ads, which saw rapid growth and adoption in 2015 as big players like Facebook and Twitter moved to these formats, will draw even more interest and ad dollars. Already, the incorporation of video has catapulted Facebook into the No. 2 spot on the Top 10 Online Video Properties list that was compiled by comScore Video Metrix in October 2015. That score was awarded based on rankings of unique video viewers among US internet users. This hints at how abundant and popular video advertising options have become.

Much like out-stream video, in-feed video has been adopted in a slow but steady fashion across the rest of the digital ecosystem. Justin Choi, founder and CEO of native ad platform Nativo, said he sees many publishers trying to transition to in-feed video, but struggling to do so fast enough.

"They're at risk of getting caught flat-footed, and Facebook is taking a huge chunk of the dollars before publishers really get up and going," Choi said. "It's not that publishers don't have the capability now, but we're finding they're not moving as quickly as they could to get ahead of the trend here."

Expect to see more publishers add both out-stream and in-feed video ads into their offerings across all screens, mobile included.

TECH WILL MAKE FIRST-PARTY DATA EVEN MORE VALUABLE TO BUYERS

Brands' and other advertisers' inclination toward first-party data collection was one of nine trends included in eMarketer's 2015 display ad trends report. We see it as a continued trend to watch in 2016.

As noted earlier in this report, as DMPs become more commonplace, the time, effort and money once required to amass and organize first-party data is rapidly declining. And thanks to many of the other trends emphasized in this report, the value of this data has only grown. In many instances, first-party data has become essential to power cross-device. Brands are using it to vet audiences and power many of their programmatic efforts.

eMarketer anticipates brands will continue to find new ways to collect and unify first-party data in 2016. Using the technologies at hand, brands will look to incorporate more offline data, such as mobile location data, payments data as well as in-store data derived from beacons and other mobile location services. We also foresee many brands beginning to use data obtained from internet of things (IoT) devices.

Although this data will be used as it has in the past—for greater personalization and more-refined targeting—there will also be greater data sharing between the ad tech platforms offering these functions and the marketing technology platforms that also offer targeting and personalization.

"[The convergence of ad tech and marketing tech] is about to hit next year," said Lewis Gersh, founder, chairman and CEO of programmatic direct-mail firm PebblePost. "Marketers will look to drive better effectiveness using any and every advertising and marketing channel that yields positive return."

Already, firms like Adobe and Oracle seem to have built ad tech stacks that would enable greater data flow between the ad tech and marketing tech branches. Moving into 2016, look to see if additional players from either side of the fence move toward a more integrated stack.

AD BLOCKING WILL PUSH PUBLISHERS TO CLEAN UP THEIR ACT

As noted in eMarketer's broader 2016 display trends report, "11 Key Digital Trends for 2016: Our Predictions for What Will—and Won't—Happen Next Year," we do not see the issue of ad blocking dissipating by year's end, given the complex relationship it weaves among tech enablers, publishers and consumers.

What we do predict is that ad blocking will move from an issue of worry to a real action item on publishers'—and maybe even media buyers'—plans.

For now, ad blocking adoption rates in the US remain low. A study conducted by comScore and Sourcepoint that ran from June to July 2015 showed just 9% of US desktop-based visitors, and only 0.1% of mobile web page views, used ad blockers.

But the industry's preoccupation with ad blocking is hardly about numbers like 9% and 0.1%, the latter of which was measured before ad blocking apps like Adblock Plus and AdBlock entered Apple's app store. It is instead about the uncertainty of how quickly they might grow over the next several months and years, and the fact that already, even with overall adoption numbers low, publishers catering to specific demographics and content verticals are already feeling ad blocking's effects.

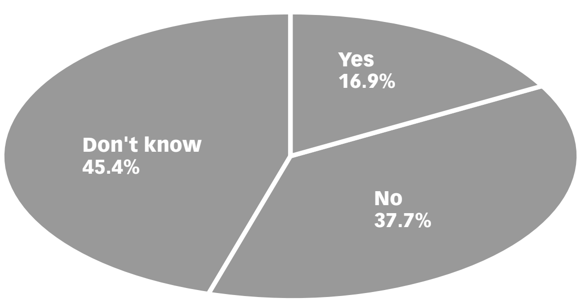
"There are some scary numbers around adoption, particularly of the popular Adblock Plus," said Andy Kahl, director of research at digital ad management firm Sizmek. "But it's a pretty small percentage overall. I think where we see big concerns is for certain publishers whose readers tend to be more likely in that group, so they see a larger percentage."

The most susceptible publishers are those reaching younger male audiences. These publishers also tend to offer more immersive content, such as gaming, videos or newsgroups and forums. Various surveys and research firms have seen ad blocking usage climb well above that 9% mark, reaching upward of 30% of visitors or more for some publishers, depending on their vertical and their audience demographics.

In the face of such variance and uncertainty about the growth of ad blocking, publishers will increasingly look inward to better understand blocking's effects on both their monetization efforts and audience makeup as the year unfolds. This will require new strategies and toolsets. In a September 2015 survey of US publishing professionals conducted by ad operations news firm AdMonsters, less than a quarter (23%) of respondents reported having used a third-party service to assist with ad blockers. And, as of October 2015, just 14.5% of US publishing industry professionals polled by data management and personalization firm Cxense said their company had a strategy for dealing with ad blockers, with only 16.9% reporting the ability to track how many users were blocking ads on their sites.

US Publishing Industry Professionals Whose Company Can Track How Many Users Are Blocking Ads on Their Site, Oct 2015

% of respondents



Note: n=284
Source: Cxense, "Publisher Survey 2015" in conjunction with Editor & Publisher, Nov 12, 2015

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A handful of providers and tools already exist that allow publishers to audit their audiences for ad blockers, including a recent script released by the Interactive Advertising Bureau's IAB Tech Labs. eMarketer expects to see a new crop of ad tech vendors spring up in 2016 to provide publishers added ad-blocking detection and prevention needs. These may include tools merely designed to audit instances of ad blocking, or they might proactively alter content experiences upon its detection, such as preventing users from viewing content unless they disable their blocking software. Either way, sellers—and perhaps even advertisers—will be looking to ad tech for improved insight into instances of ad blocking.

Such tools will not solve the problem of ad blocking, and they won't be designed to do so. They will look to provide sellers some semblance of control in the near term as the broader uncertainties surrounding ad blocking begin to be addressed.

But turning to technology alone won't protect publishers against ad blockers. As a result, eMarketer also expects to see publishers redesigning their sites with consumers in mind—slimming down the number of ads and paying better attention to aspects like page load time, a particular concern when it comes to mobile.

In October 2015, the IAB released the L.E.A.N Ads Program. An acronym for "light, encrypted, ad-choice supported, noninvasive ads," it was designed to help publishers rethink some of these issues and, more importantly, reconfigure their properties to move away from excessive ads, disruptive ads, ads that take too long to load and other detriments to the customer experience.

Matt Prohaska, CEO and principal of Prohaska Consulting, said the majority of publishers his programmatic consultancy works with were already incorporating better site-design practices, not just to combat ad blocking but to also improve their site experience and boost other areas of importance to advertisers, like viewability.

"People are starting to realize that throwing that eleventh 300x250 [display ad] down the right rail might not be additive," Prohaska said. "So we're now starting to see a tipping point where consumers are saying that's enough. We see it in the form of ad blockers, engagement and viewability. That is leading to a flight to quality from the buy side, and we are starting to see organizations redesign their sites and finally start to sell differently."

While eMarketer doesn't expect to see publishers overhauling their sites overnight, or trading in banners for native and video only, we do expect to see a good portion of publishers look to slim down the number of ads on their pages, and to focus on quality versus quantity.

MORE PARTIES WILL TRY TO MOVE TO 100% VIEWABILITY

The past 18 months have brought about industry-standard definitions for viewability—that is, the opportunity for an impression to be seen—across desktop display, video and mobile. However, universal adoption of those definitions has yet to arrive.

Sellers like Facebook and others continue to offer their own standards of measure, and a handful of agencies and other buyers continue to press publishers to agree to non-Media Rating Council measures of viewability to conform to their own views on what should be considered an opportunity to be seen.

Though it's unlikely that everyone will ever adhere to a single definition, eMarketer predicts that buyers and sellers will see the bigger picture and begin to unite around moving as close to 100% viewability as possible, thereby replacing the general cost-per-thousand (CPM) model with the "viewable CPM" (vCPM).

"We see publishers adopting [vCPMs] rapidly," said Pat McCarthy, senior vice president of marketing at independent ad technology company AppNexus. "We're working with publishers now that are redesigning their sites and mobile apps and doing whatever they need to in order to make their advertising either more viewable or only viewable."

Although it appears there's a lot of ground to be made if the industry is to transition toward a vCPM model by year's end, considering just over half (56.4%) of US publishers polled by AdMonsters said they offered vCPM pricing models as of September 2015. Most of the executives interviewed for this report noted that advancements in viewability measurement and ad verification tools will make widespread adoption more possible.

Whereas in the past, issues surrounding the ability to measure impressions meant vendors were often left with a portion unmeasured for viewability, Sherrill Mane, senior vice president of research, analytics and measurement at the IAB, said such capabilities are improving thanks to updated viewability measurement guidelines put forth by the Media Rating Council, which have helped to standardize and improve vendors' measurement practices.

"There's still a small piece of lack of measurability, but there's improvement," she said. "When we started, some of the measurement companies couldn't measure more than 70%. Today, some are measuring more than 90% of served impressions."

Also moving this trend forward are improved publisher-facing capabilities like Integral Ad Science's latest viewability product, which takes impression-level logs from both the buy- and sell-side servers to provide both with a single viewability report. Not only is this a cleaner way to track viewability, but it's also a significant improvement over today's often messy reconciliation.

With those billing headaches and impression-level audits out of the way, both sides will be able to agree that payment should be made only for viewable impressions, regardless of how viewability is defined.

As the vCPM becomes more common, eMarketer also expects to see buyers' faulty reliance on using viewability as a measure of performance fall to the wayside. With publishers again placed on an equal footing, buyers will ditch practices like optimizing media plans against publishers with the highest viewability percentage, freeing buyers to focus on more important metrics.

"Viewability has just been one of the many levers to pull when determining whether or not an ad really worked," said Carol Chung, senior vice president and head of media technology at DigitasLBi. "You don't want to use viewability as the one factor you're going to optimize against without looking at the larger picture of hey, did this ad really convert? We've seen that exposure to the length of an ad and attention time actually has a greater impact on performance than just whether or not it was viewed at any point in time."

AD FRAUD CONCERNS WILL GO BEYOND BOTNETS AND MOVE TO MOBILE

Like viewability, fraud has also topped the ad trends chart for the last couple of years. Also like viewability, issues with agreeing to definitions and measures of ad fraud have hampered progress, but innovations by fraudsters have also made it difficult to stay on top of the growing types of fraud that now plague desktop and mobile advertising.

Mobile will enter the ad fraud spotlight this year. Whereas last year many believed mobile to be still relatively untouched by ad fraud given its lower-than-average CPMs, the overwhelming amount of ad spending transitioning to mobile display and mounting data now prove that ad fraud is a significant problem there. An October 2015 analysis of more than 60 million impressions served across AppLift's media buying platform found 34% of impressions to be susceptible to fraudulent practices such as nonhuman traffic, ad stacking, click fraud and ad stuffing.

Historically, many of the most common ad verification and fraud detection tools have been cookie-based, meaning their ability to identify and filter out fraudulent practices only applies to desktop and mobile web display impressions. To stay germane to an industry that is increasingly moving to mobile—and mobile apps at that—eMarketer expects to see many of these service providers expanding their mobile app capabilities in the coming year. New mobile-app-specific fraud detection providers may also emerge.

2016 will also prove a pivotal year for expanding fraud detection and filtration beyond the most common form of fraud: nonhuman traffic, or botnets. Detecting other practices that contribute to invalid traffic, including URL wrapping, cookie stuffing, stacked ads and even falsified viewability data, will become routine and standard requirements for each of the verification firms.

"Moving into 2016, there's no tolerance for buying bot traffic or invalid inventory in whatever way it may be defined," AppNexus' McCarthy said.

With the October 2015 release of the Media Rating Council's "Invalid Traffic Detection and Filtration Guidelines," it appears that a more concrete definition of fraud is finally on the horizon. With guidelines for how verification firms should vet for both nonhuman and invalid traffic, advertisers and publishers may soon begin to see less variance in fraud detection reports coming from the various vendors. Ultimately, this may allow both buyers and sellers—many of whom work with more than one ad verification or fraud detection tool—to pare down their portfolio.

"You don't need to have multiple verification services if there are standards that are very clear and consistent for identifying and measuring ad fraud," Mane said.

But these guidelines aren't the only ones expected to help publishers and the broader digital advertising community advance the fight on ad fraud this year. eMarketer also expects to see greater attention paid to policing fraudulent activity thanks to policies and programs like that released by the Trustworthy Accountability Group (TAG) in October 2015.

TAG's program, "Verified by TAG," includes both a registry of legitimate publishers and advertisers as well as a payment ID system. The former will serve as a means through which buyers and sellers can legitimize themselves, and the latter, which remains a work in progress, will ultimately serve as the means through which buyers and sellers will transact. Together, both items should make for a much more transparent, less fraud-susceptible supply chain.

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