



When it comes to advertising, most people think I'm crazy. My kids used to lunge for the car radio buttons so they could change stations when a commercial came on. But if I got there first, I'd turn up the volume on the ads. Everyone I know uses their DVR to skip through TV commercials. I use mine to review them. All New York cheered when former Mayor Bloomberg took down the billboards just outside the Midtown tunnel. All except for 25 people – the 24 billboard owners and me. You've got the point.

But even I was annoyed when ads started popping up on mobile phones. I thought they were worse than a telemarketing call. But I'm softening. Video and native ads, which follow the form and function of the mobile platform, seem far less intrusive than banner ads and interstitials.

My colleagues at Trusted Media Brands Inc. and I have been watching the success of video and native on mobile for our advertisers and decided to do some digging. Are other advertisers seeing the same success? We worked with our friends at Advertiser Perceptions and

spoke to 283 clients and agency executives (referred to as “the survey”) to get answers to some questions.

- Will video become the predominant ad format in mobile?
- Can native advertising overtake the banner on mobile platforms?
- Why use video and native at all?

**NATIVE**

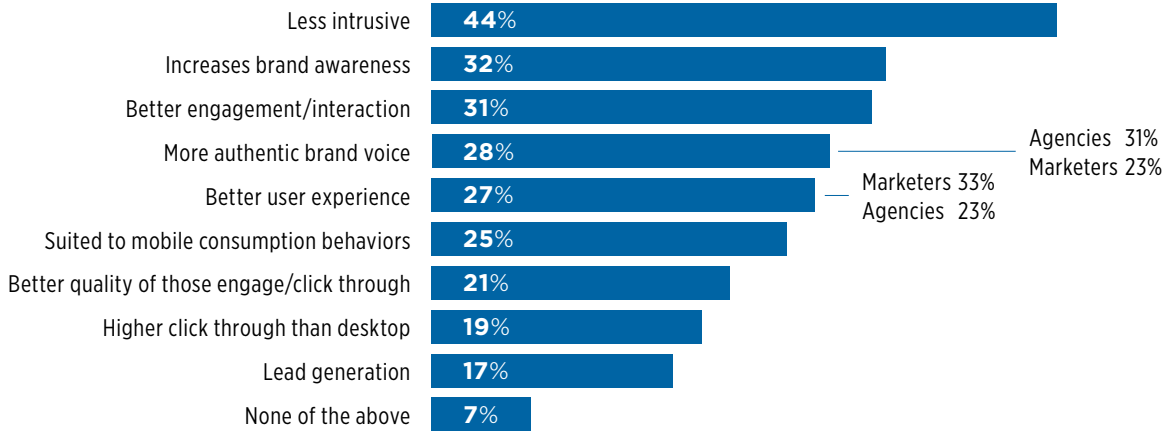
Native ads seem perfectly suited for mobile. They are organic to the user experience. When you see a message you like, you ask for more information. Native ads are less likely to be “fat thumbbed” or accidentally clicked. Research supports what we saw. 44% of the survey respondents called native a “less intrusive ad format” and 27% cited native’s “better user experience.”

Agencies and marketers look at native somewhat differently. Agencies like it for giving the message an “authentic brand voice.” Marketers prefer native because of the superior user experience. Both marketers and agencies said native delivers better brand awareness and engagement scores.



## BENEFITS OF MOBILE NATIVE AD FORMATS

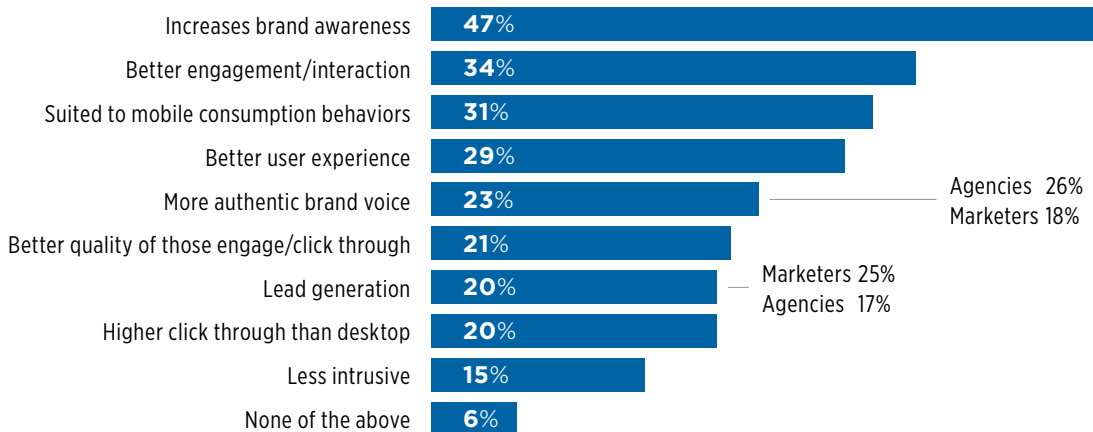
*Leading benefits: Less intrusive, brand awareness lift & better engagement*



Q. Whether or not you are currently involved in native or video advertising for mobile, what do you perceive as the top 3 benefits to using each of these ad formats? Native

## BENEFITS OF MOBILE VIDEO AD FORMATS

*Leading benefits: Brand awareness lift & ease of user consumption*



Q. Whether or not you are currently involved in native or video advertising for mobile, what do you perceive as the top 3 benefits to using each of these ad formats? Video

**VIDEO**

Sight, sound and motion give video the advantage of being an ad format that works for marketers at both the top and bottom of the consumer purchase funnel. Looking at the survey results, increased brand awareness is the number one benefit of video ads on mobile. Engagement and “better interactive from users” were second and third. Lead generation ranked number 7, pretty far down the list. However marketers nudged it up 2 to the 5th position.

**VIDEO & NATIVE ON MOBILE**

The power of video to do double duty for marketers combined with the dearth of quality video impressions give the format a clear advantage for publishers: better CPM’s. In some cases even better than on desktop. That’s not really a surprise. We’ve seen the power of ads with sight, sound and motion on TV for years, more recently on desktop and now on mobile too.

We did have one surprise in our survey results. Walking in, we thought native formats are a trend with real staying power. There’s one statistic in our results that gave us pause:

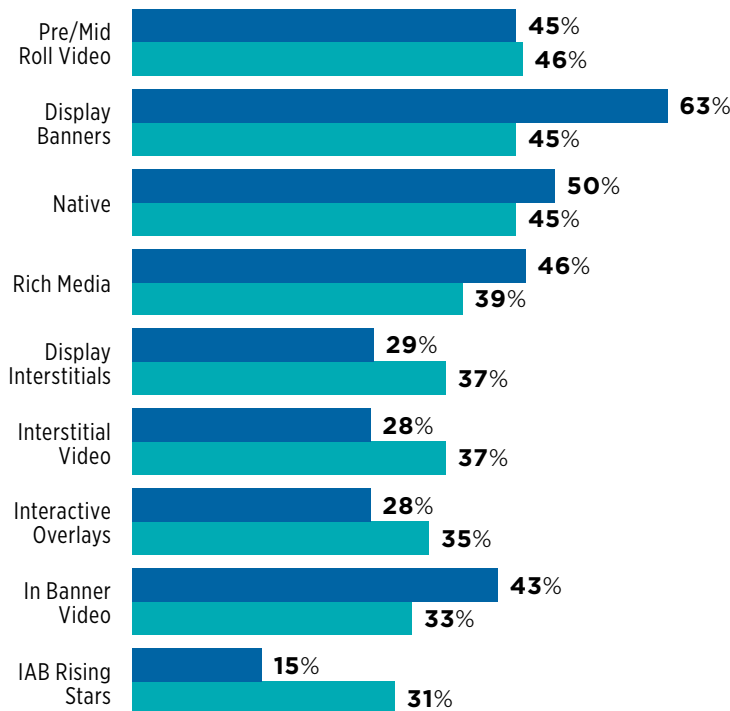
**50% of marketers are using native ads this year. That number drops to 45% by next year.**

A blip, or a trend? Hard to tell, but there are some danger signs for native that need to be addressed:

- *Marketers complain that it’s hard to measure*
- *It’s not easy or quick to produce. Neither in video or HTML*
- *The sell through rate for native, even for sites with a stated emphasis on the format can be 5% or less*

**MOBILE AD FORMATS — CURRENT & PLANNED USAGE**

*Video ads will replace display banners as top mobile format; Native may wane*



**NATIVE IS THE TOP AD FORMAT MARKETERS CLAIM THEY WILL USE IN MOBILE IN 2016 (42%) BUT PRE/MID ROLL VIDEO RANKS ON TOP FOR AGENCIES (52%)**

■ CURRENTLY USE  
■ WILL USE IN 2016

Q. Thinking about mobile advertising, please indicate which of the following ad formats you currently use or plan to use in the next year.

## OUR FINDINGS

- **Display banners are in most use currently (63%) in mobile, but are projected to decline significantly**
- **50% currently use Native ad formats on mobile but 45% say they will use native in the next year**
- **Display Interstitials, Video Interstitials on the rise while In Banner Video projected to decline**
- **Leading reasons for using Mobile Native: Less Intrusive and Builds Brand Awareness**
- **Leading reasons for using Mobile Video: Builds Brand Awareness and Better User Engagement**
- **Top Challenge for Native: Measuring Success**
- **Should mobile phones have ads? 62% said “yes”**

As digital took hold on the desktop during and after the dot-com boom, senior media executives in both TV and print were quoted as saying that their advertising dollars were being turned into digital dimes. Mobile banners turn digital dimes into digital pennies! We found in our survey that marketers give both video and native high marks for user engagement and campaign results. With video on mobile commanding better CPM's than desktop for many publishers and native cpm's four to five times that of banners monetization is another clear advantage for these two formats.

Native and Video deliver a better user experience, strong results across the consumer purchase funnel and monetize content better for publishers. Maybe advertising on mobile phones isn't so crazy after all.

The survey was conducted in December 2015 among 283 U.S. media decision-makers from the Advertiser Perceptions Omnibus Panel. Respondents are those involved in digital/mobile & social advertising.

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## ABOUT THE AUTHOR

Rich Sutton is Chief Revenue Officer, TMBI. Sutton has over 25 years of experience in management, marketing, start-ups, turnarounds and working to grow world-class brands.

Sutton's work with brands has been recognized by Ad Age, Forbes, AAAA, Adweek and many industry publications. He's a published author (Best Practices in Branded Entertainment — for the ANA) as well as the recipient of numerous online and marketing awards. Rich.Sutton@tmbi.com

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## ABOUT TRUSTED MEDIA BRANDS, INC.

Trusted Media Brands, Inc. (formerly known as The Reader's Digest Association, Inc.), is a visionary, brand-driven multiplatform media company whose portfolio of iconic properties and products include Taste of Home, the world's largest circulation food media brand; Reader's Digest; The Family Handyman, America's leading source for DIY; a suite of highly targeted brands including Birds & Blooms, Country, Country Woman, Farm & Ranch Living and Reminisce; and digital properties which include EnrichU, the Taste Community and Haven Home. Trusted Media Brands, Inc. reaches active consumers who genuinely connect with our blend of uplifting and enduring expertly-curated family, food, health, home improvement, finance and humor content – digitally, via social media, magazines and books, and events and experiences. Founded in 1922 by DeWitt Wallace as The Reader's Digest Association, Inc., one of the first user-generated content publishers, Trusted Media Brands, Inc. is headquartered in NYC. For more information visit TMBI.com.

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## ABOUT ADVERTISER PERCEPTIONS

Advertiser Perceptions is the world leader in providing media company executives with the research-based advertiser insight and guidance necessary for producing superior advertiser experiences. The company specializes in determining, analyzing, communicating and applying what advertisers think — their plans, opinions and motivations.