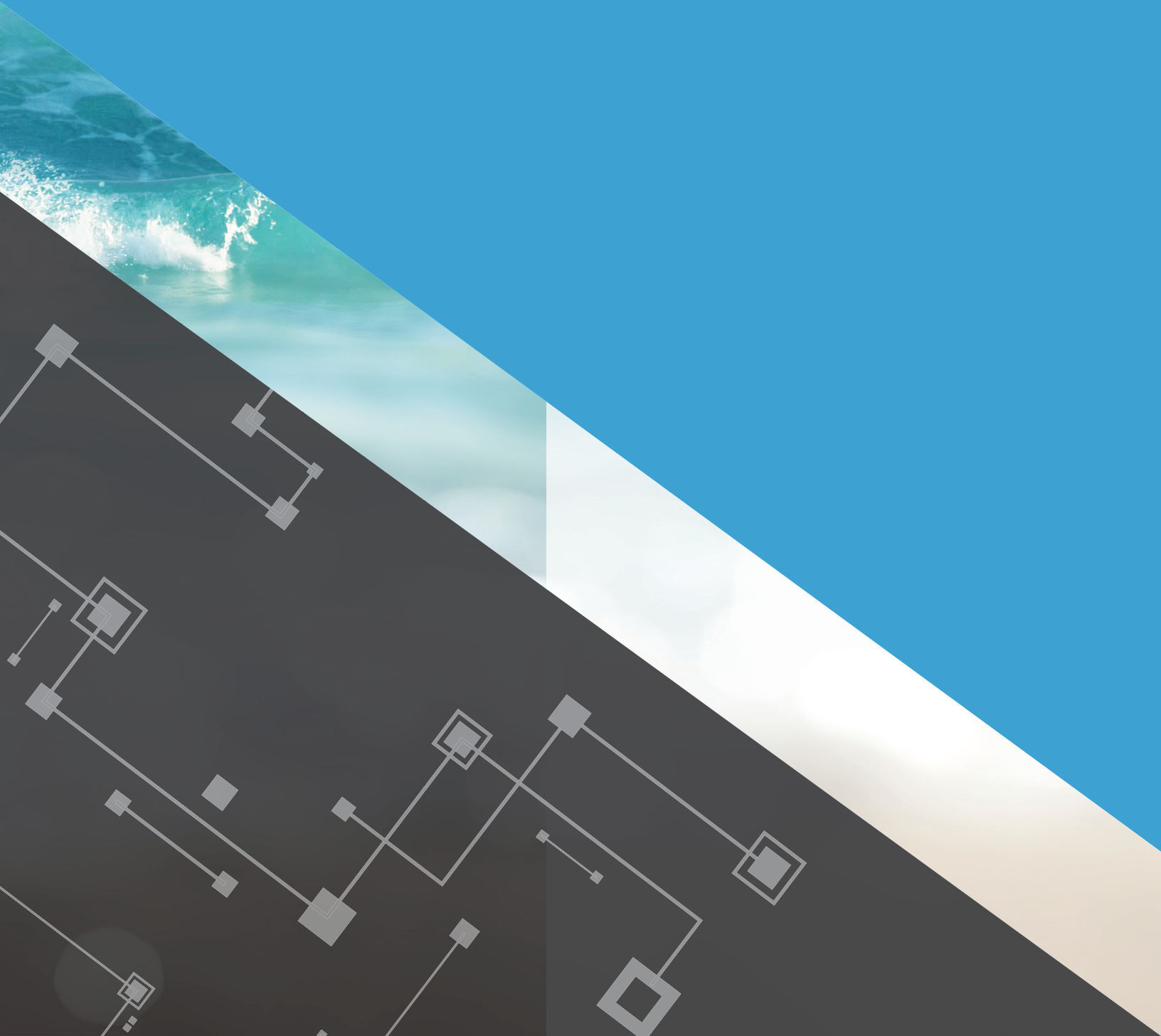




Q4 2016 Quarterly Native Report





About Bidtellect's Quarterly Native Report

Last quarter we gave a high level overview of the Native Advertising ecosystem so that marketers can have a deeper understanding of their content distribution strategies. This quarter, we are adding video content performance to that overview as marketers continue to increase spend on video based content distribution.

The fragmented digital media landscape has caused marketers to struggle with creating the right content for the right distribution platform. Right now, many marketers are re-purposing existing material for various platforms, even though we all know you can't use video from a 30-second spot for your online video campaigns, just like it's not strategic to re-purpose a display banner and make it native.

The intention set for every online environment is very different, and marketers risk creating negative consumer experiences by deploying the same creative on different platforms. Nowhere is this more important than video, one of the most immersive advertising experiences.

Marketers need a deeper education and understanding of how their video content is performing so they can create relevant original content for each destination. Native video formats emerged as a way to solve for this major obstacle in the ecosystem. It allows marketers to identify how a specific video is performing and ensure that they are reaching consumers with engaging content in organic and relevant environments.

Here are the 3 main trends we found in video throughout Q3 and Q4 2016:

key trend #1

Native Video is Growing...Fast

key trend #2

In-Feed Delivers
Engagement for Native Video

key trend #3

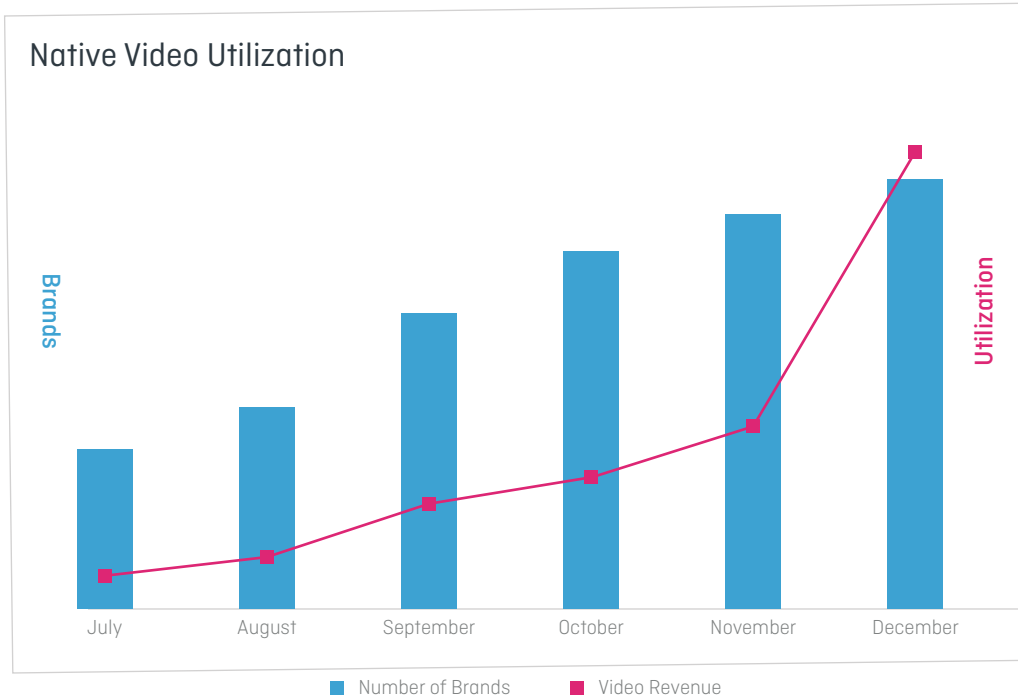
Marketers Continue to
Consolidate Platforms



Native Video is Growing...Fast

An increasing number of marketers are incorporating video based content into their holistic marketing strategies, and as they are seeing success with campaign objectives and consumer engagement, they are investing more heavily.

More than ever, *content marketing* is becoming a central component of any brand's strategy, and including video in that solidifies a well rounded, immersive content plan. People are consuming an increasing amount of video content online and brands know that they need to be reaching them with quality video content in organic, relevant environments.



■ 3.75X

Between October 2016 and December 2016 video utilization grew 3.75X

■ 12X

Between July 2016 and December 2016 video utilization grew 12X

■ 3X

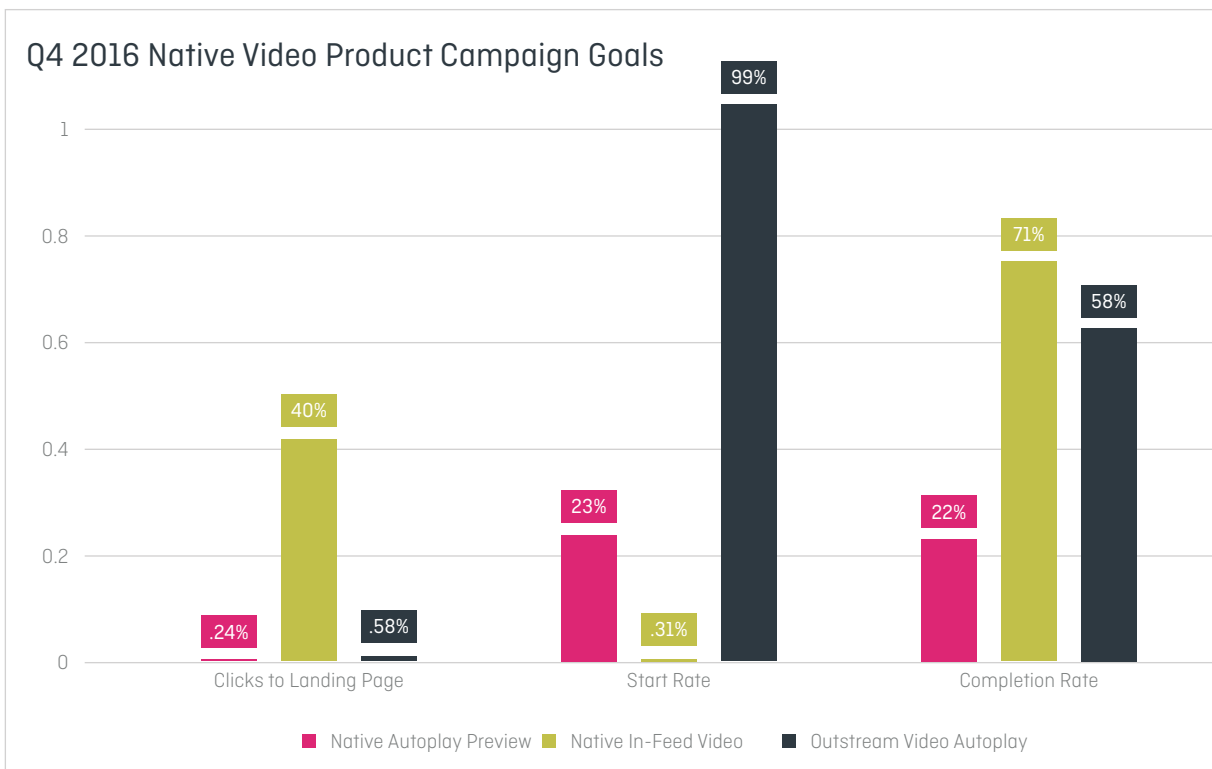
Between July 2016 and December 2016 the number of brands investing in video grew by 3X



In-Feed Delivers Engagement for Native Video

Native In-feed video provides the most qualified, engaged user for a marketer. The user initiated video is consumer friendly, non-intrusive and a great vehicle for finding qualified users. In fact, 40% of users that click to watch an In-Feed video go on to click on the landing page. Because of its highly engaging nature, In-Feed can be most useful when targeting consumers that are lower in the funnel and for campaigns with conversion objectives.

The autoplay products can be more beneficial for reaching consumers in the upper funnel and with branding and awareness campaigns.



Native Autoplay Preview

This allows users to preview short form content before deciding to engage with the video. Users preview short form content before deciding to engage, and must click to expand the video, enabling marketers to identify audiences who chose to engage with their video.

Native In-Feed Video

This user-initiated format is ideal for marketers that want to distribute long-form content (90 seconds or longer) across the web. The click-to-play format is user initiated and qualifies consumer interest in the content.

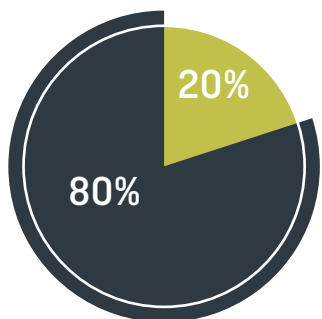
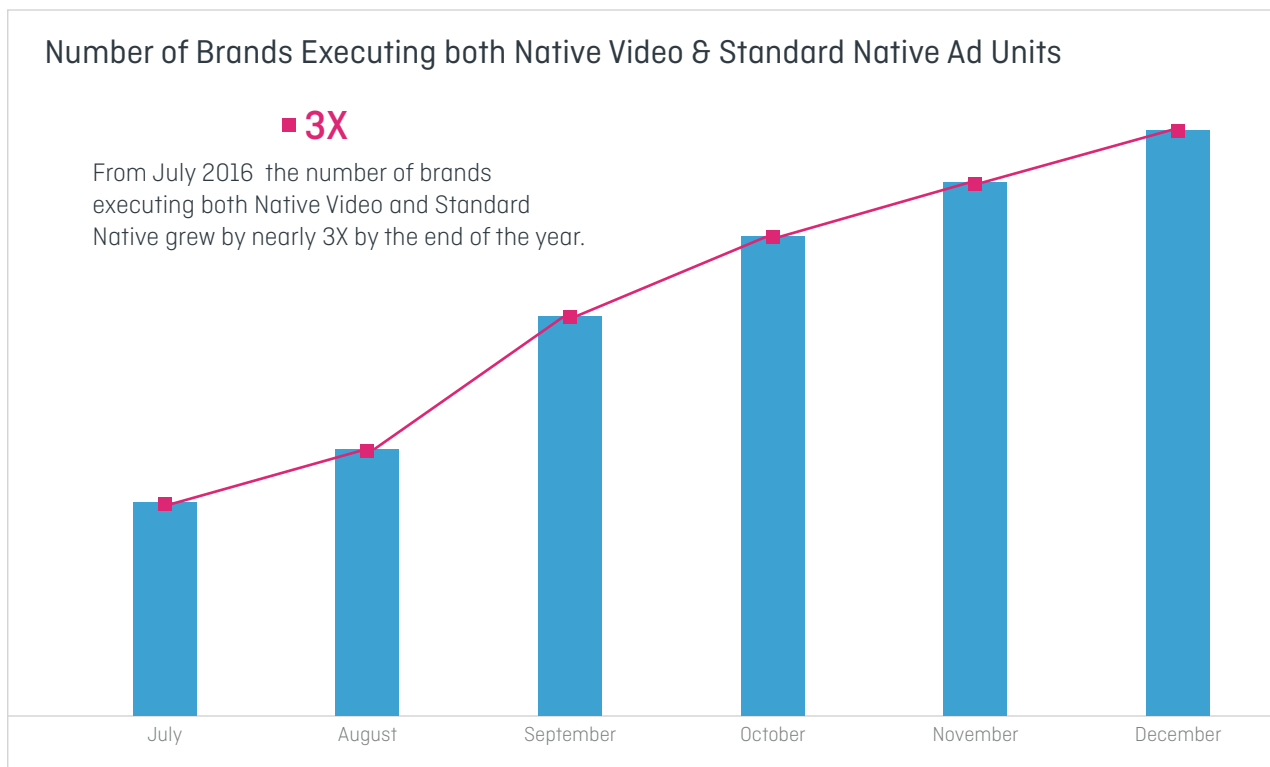
Outstream Autoplay Video

This auto-play format positions video assets within sections of a webpage where consumers are actively consuming content, enabling marketers to align their message with consumer interest.



Marketers Continue to Consolidate

With sophisticated technology available today, media buyers are seeking a more efficient workflow process and are moving toward consolidated platforms. As brands continue to execute cross-device and cross-platform campaigns, video investments and consolidation will keep increasing.



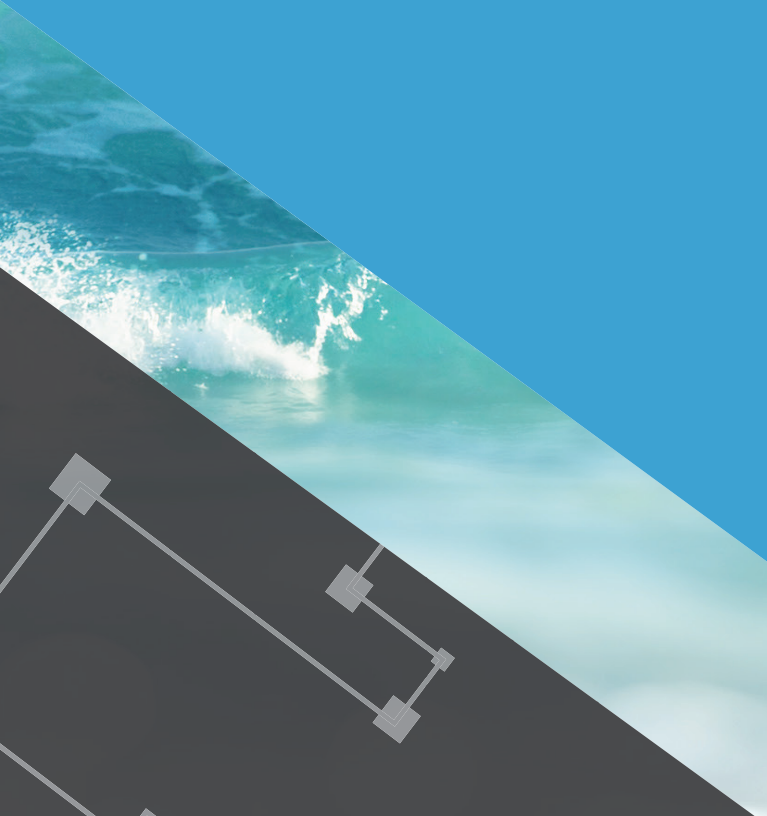
80%

There is an average split of 80% standard Native (In-Feed, In-Ad and Recommendation Widgets) and 20% Native Video.



Q4 2016 Quarterly Native Report

As a continuation from last quarter's report, here is a look at the overall Native ecosystem in Q4 2016.

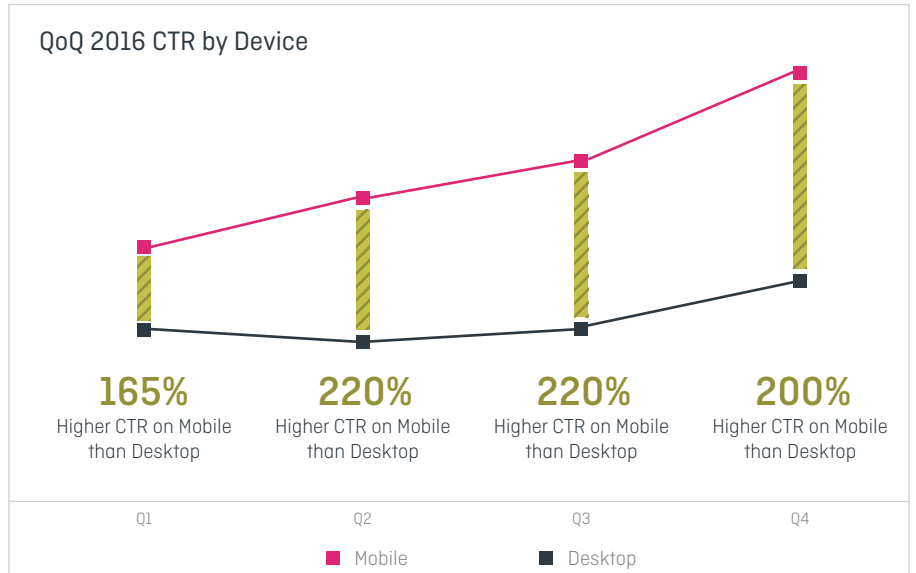




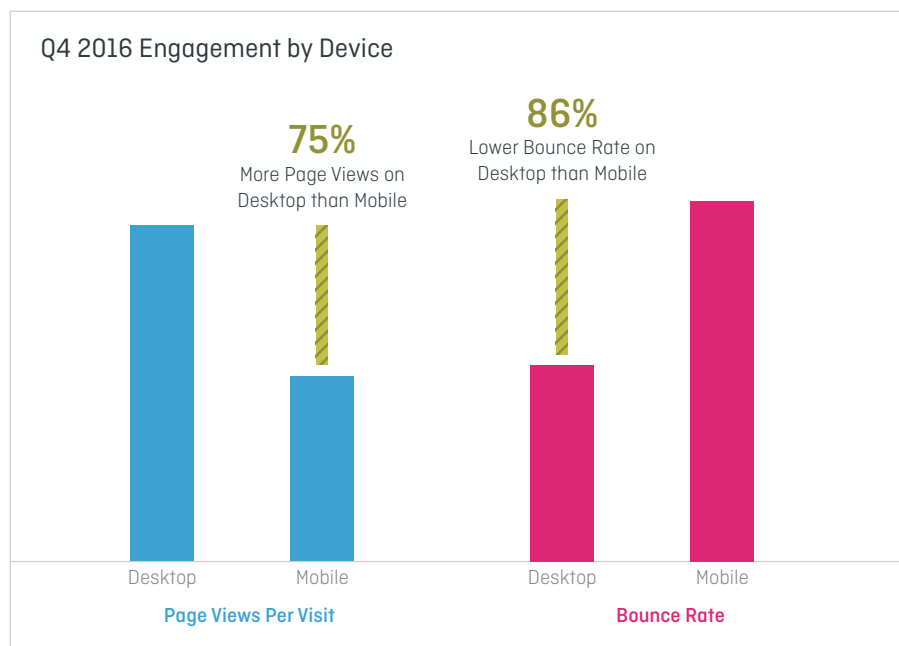
Native Continues to Be Prevalent Across Devices

200%

Users continue to click more on mobile devices than desktop with CTRs 200% higher in Q4.



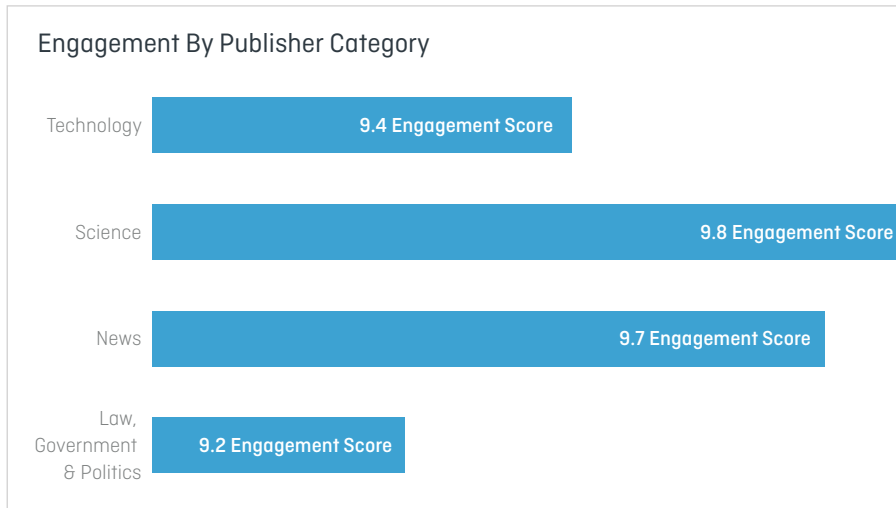
Deeper Engagement is Happening on Desktop



Although industry initiatives continue to push for a greater mobile content experience, deeper engagement is still happening on Desktop.



How Are Consumers Engaging Across Publisher Categories?

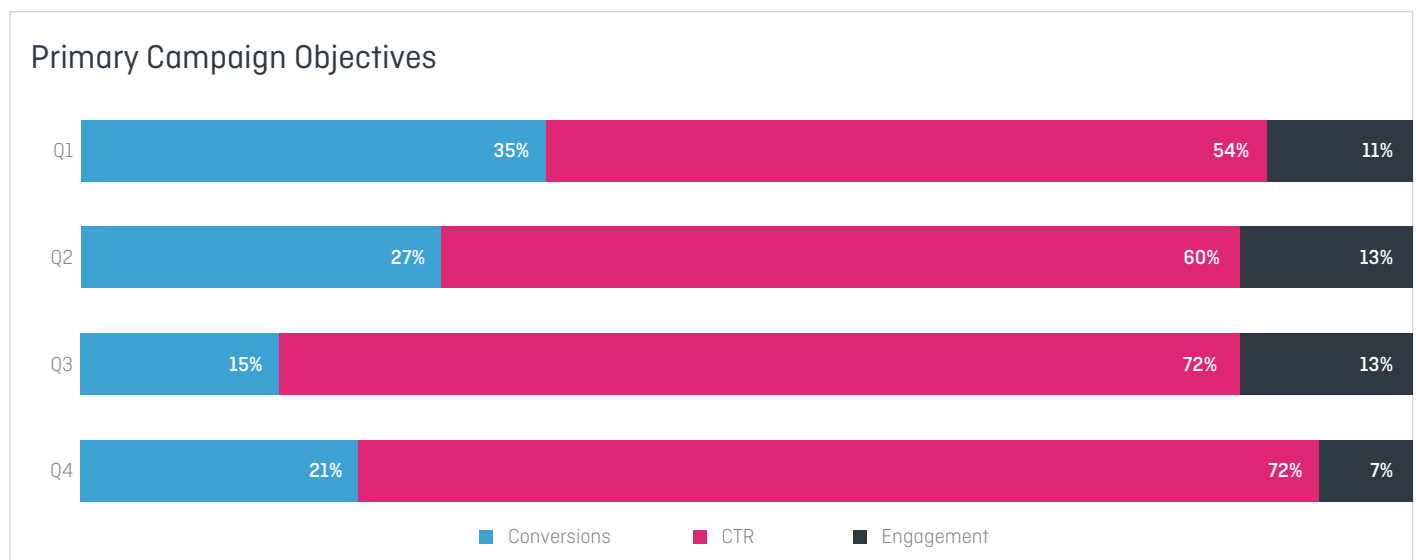


In Q4 2016 it's no surprise that News and Law, Government & Politics were two of the most engaging publisher categories due to the November election.

Bidtellect's Engagement Score [1 - 10] is the industry's only post-click engagement metric, designed to determine how engaging a given piece of content is. The proprietary algorithm tracks, measures and optimizes against pageviews, time on site, bounce rate and user sessions.

Primary Campaign Objectives

Marketers continue to rely on legacy KPIs such as CTR and have not yet fully adopted more sophisticated engagement metrics.





About this Report

Bidtellect's Quarterly Native Report was created to provide advertisers with important insights and trends in the Native Advertising industry. Bidtellect's platform processes over 5 billion Native auctions daily across 6.5 million distinctly targetable placements, and this number continues to grow quarter over quarter. We collect data from the start of an auction through post-click consumer activity including but not limited to the metrics captured in this report.

About Bidtellect

Bidtellect is the leading paid content distribution platform providing marketers with one platform to execute Native campaigns across all formats and devices including text, imagery and video. Marketers leverage Bidtellect's proprietary real-time optimization algorithms, first- and third- party data targeting, advanced KPI optimization and a team of industry experts, to drive real results for paid content distribution campaigns to deliver smart advertising. Bidtellect delivers access to the world's most expansive Native ecosystem of premium placements in order to achieve unparalleled scale.

The company is headquartered in Delray Beach, Florida and was launched in 2013 by the digital media industry's most successful ad tech pioneers.

Want to learn how to make quality content experiences for your consumers? Contact us at marketing@bidtellect.com to learn how!