

# The State Of Programmatic In-App Advertising In APAC

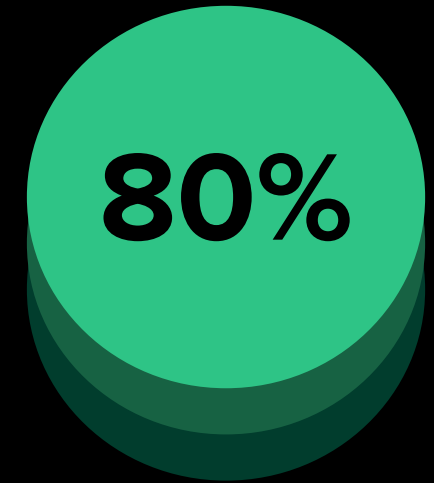
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# Executive Summary

Many consumers have made their mobile devices a primary digital interface. And in response, advertisers are allocating more budget toward the mobile channel and looking to in-app opportunities.<sup>1</sup>

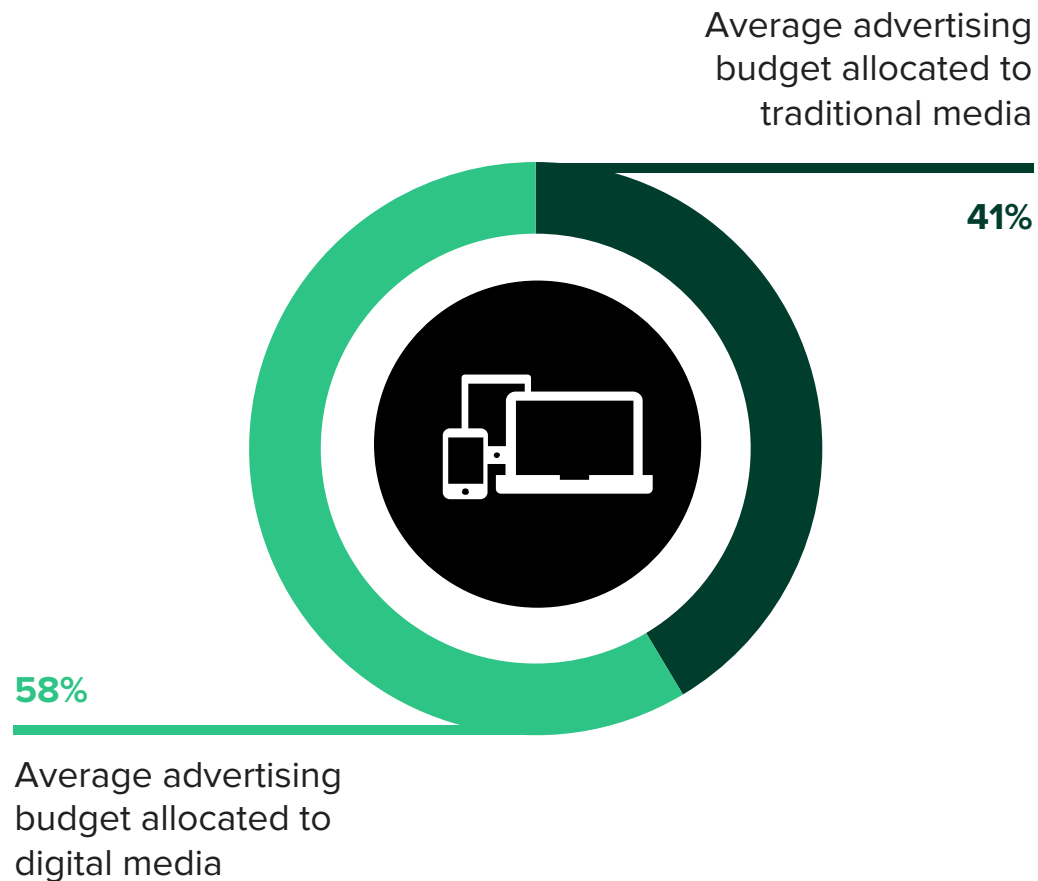
To explore this topic, PubMatic commissioned Forrester to understand the state of in-app advertising in APAC. Forrester found the majority of advertising budgets are being allocated to digital media, and within this is the fact that the mobile in-app channel captures the most digital advertising spend today.

The outlook for programmatic in-app advertising in APAC is bright. Advertisers are increasingly leveraging programmatic in-app advertising in their client's media plans, and they are starting to focus their in-app efforts on branding. As APAC advertisers increasingly rely on programmatic in-app advertising, they're realizing better customer engagement, more effective targeting, and extending reach.

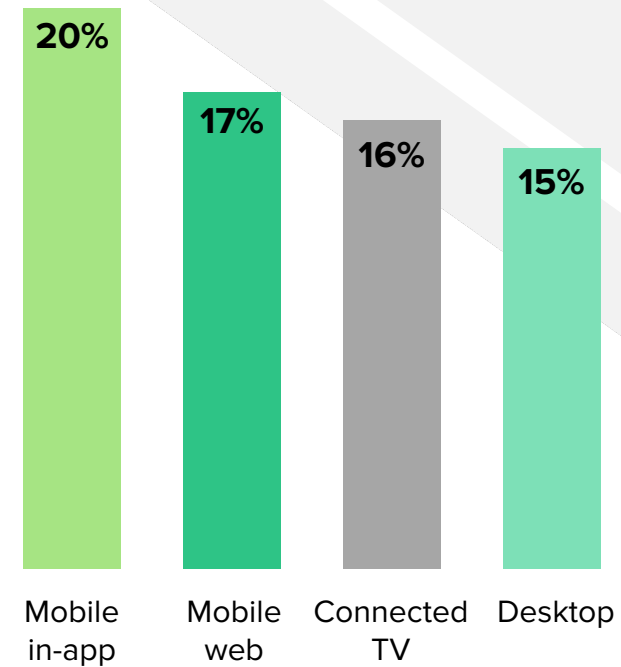


Of advertisers are using **programmatic in-app advertising** in a clients' digital media plan frequently or every time.

# As Advertising Budgets Shift Toward Digital Media, Mobile In-App Emerges As The Preferred Digital Channel



The average digital advertising budget allocation per channel



Base: 472 advertising decision-makers in China, Singapore, India, Japan, Indonesia, South Korea, Thailand, and Vietnam with responsibility for mobile media buying

Source: A commissioned study by Forrester Consulting on behalf of PubMatic, October 2021

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# The Programmatic In-App Channel Is Critical For Media Buyers

Although direct-buy in-app is the channel receiving the highest budget allocation, due to higher cost of inventory, programmatic in-app receives the second-largest budget allocation and is more frequently used in a clients' digital media plan.

**39%**

Of in-app **advertising budgets** are allocated to **direct-buy in-app** on average.

**32%**

Of in-app **advertising budgets** are allocated to **programmatic in-app** on average.

**80%**

Of **advertisers** are using **programmatic in-app advertising** in a clients' digital media plan frequently or every time.

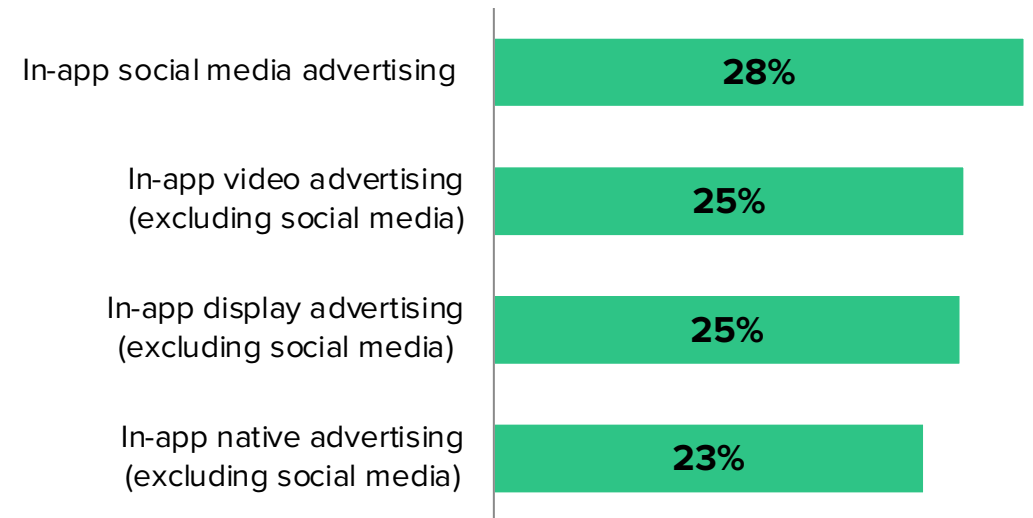
# In-App Video Is Accelerating Programmatic Ad Spend Growth In APAC

Forrester research shows that programmatic video advertising has been growing faster than programmatic banner advertising **globally**. Within programmatic video, connected TV (CTV) is growing fastest, while mobile remains the primary driver of programmatic video spend and currently captures three times more spend than CTV.<sup>2</sup>

When asked about in-app advertising budget allocations, **APAC** media buyers are allocating most toward social media. However, **in-app video**, outside of social media, emerges as the **second-most popular ad type**.

On average, **21%** of **APAC digital advertising budgets** are allocated to video advertising, excluding social media.

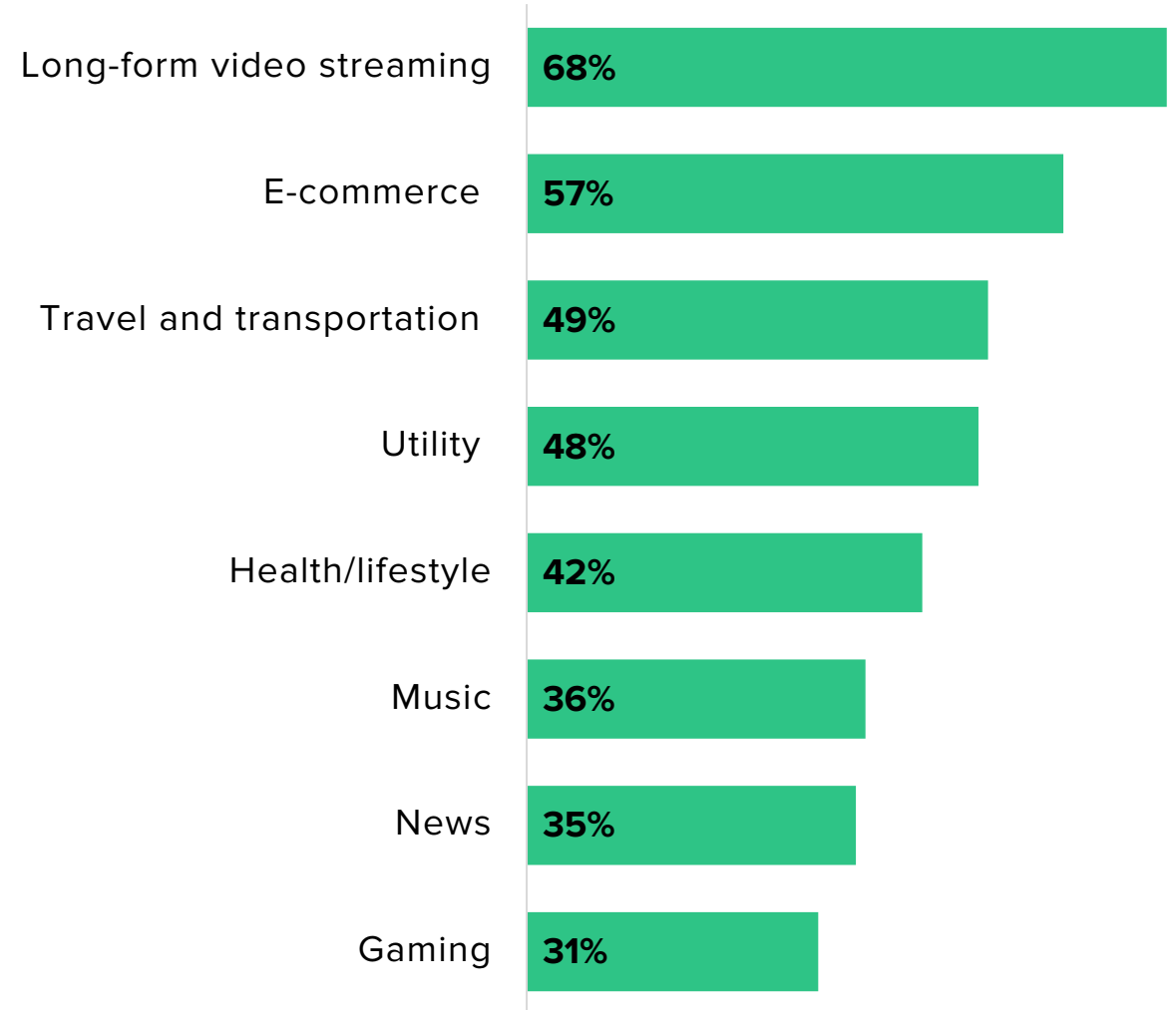
## Average budget allocation for in-app ads



# APAC Advertisers Focus Programmatic In-App Purchasing On Video Streaming And Retail Apps



## Type of apps purchased programmatically



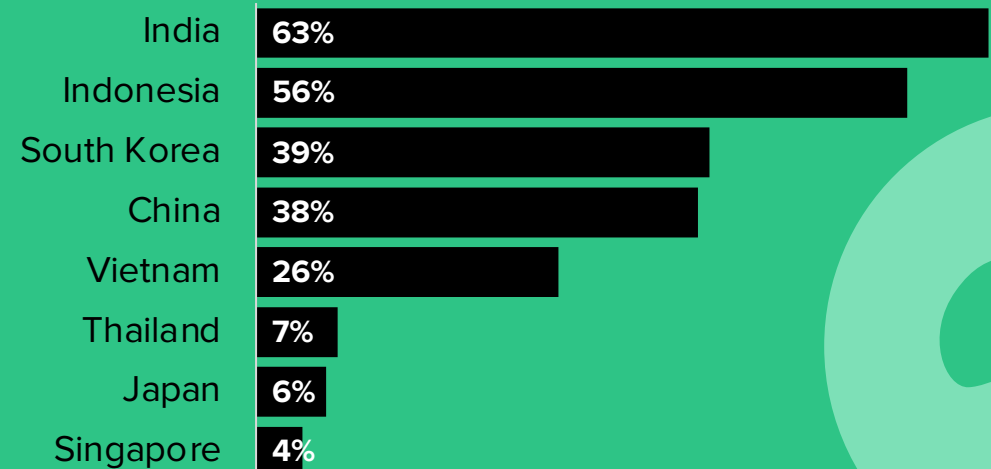
# Several Markets Are Missing The Opportunity Presented By Gaming Apps

The gaming market is currently being overlooked in several APAC markets, i.e., media buyers are missing the opportunity to connect with niche segments and drive strong brand alignment. **Those buying gaming apps are 6% more likely to invest for better brand alignment, and they are 8% more likely to report more contextualized marketing as a benefit.** The Japanese market currently prefers other channels over in-app advertising; this suggests that more education on the benefits of in-app advertising are required.

“There is value for advertisers from outside of gaming within gaming apps. There is an opportunity to find a niche segment or strong brand alignment and drive ROI.”

— Partner manager, publisher operations, in-app ad network, Singapore

## Country level of programmatic in-app purchasing for gaming

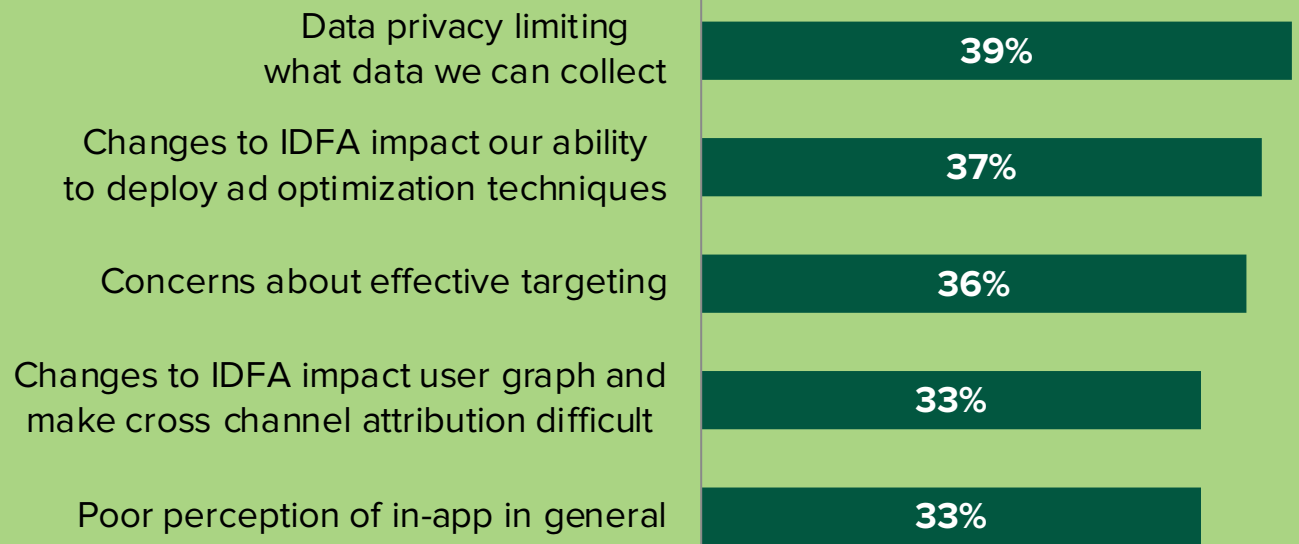


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Source: A commissioned study by Forrester Consulting on behalf of PubMatic, October 2021

# Privacy And Targeting Challenges Are Key Concerns For APAC Advertisers Using Programmatic In-App

With these challenges being focused on data privacy and targeting, developers need to consider a partner with strong targeting capabilities that understands regional and global data privacy regulations for an effective in-app advertising strategy.

## Top challenges encountered with programmatic in-app advertising



**“We’re seeing a few trends regarding IDFA [identifier for advertisers]. Publishers are focusing on first-party data through login or registration requirements. We’re also seeing the cost of user acquisition on iOS increasing as the number of identifiable users decreases.”**

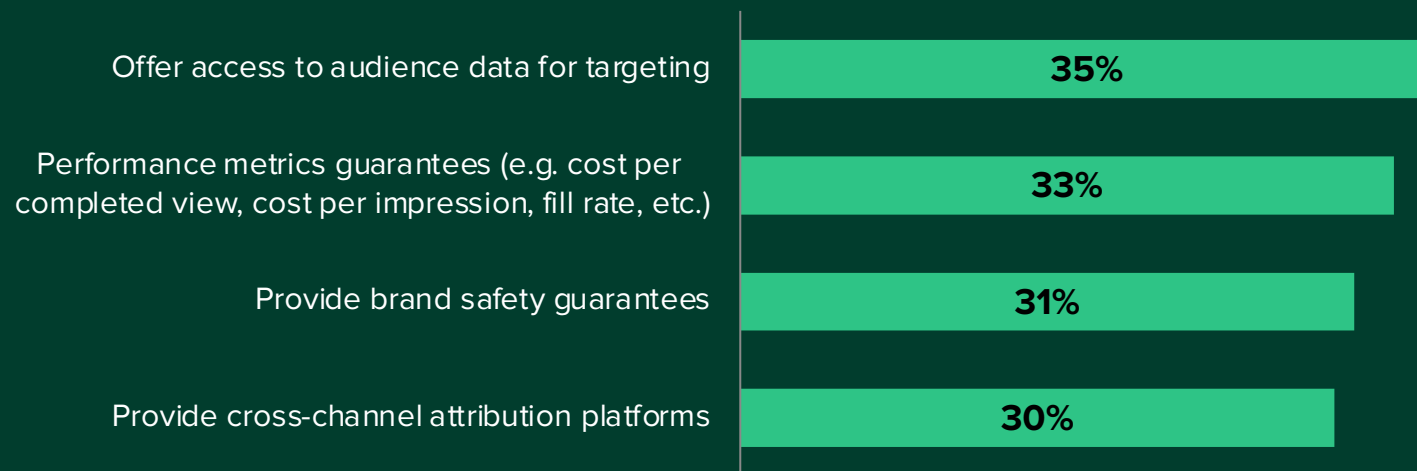
— APAC VP, in-app ad network, Singapore

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# Advertisers Rely On The Sell Side To Alleviate The Perceived Challenges With Programmatic In-App Advertising

## Actions supply-side platforms (SSPs) could take to alleviate challenges



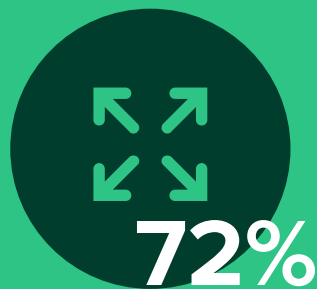
## Advertiser selection criteria when choosing a publisher



Base: 472 advertising decision-makers in China, Singapore, India, Japan, Indonesia, South Korea, Thailand, and Vietnam with responsibility for mobile media buying  
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# Advertisers Are Investing In Programmatic In-App Advertising To Drive Brand Alignment And Customer Engagement

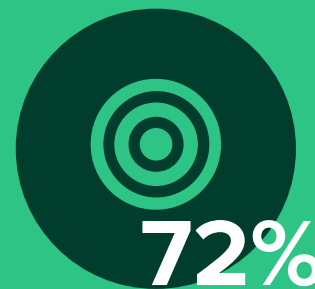
## Top reasons advertisers invest in programmatic in-app video



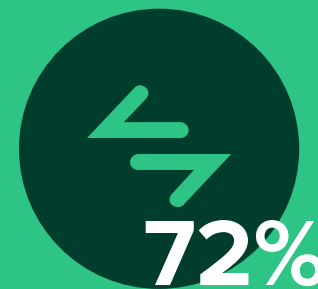
To extend reach



Better customer engagement

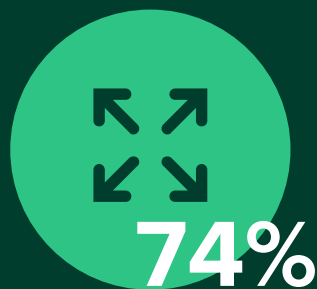


Better targeting abilities



Brand alignment

## Top reasons advertisers invest in programmatic in-app



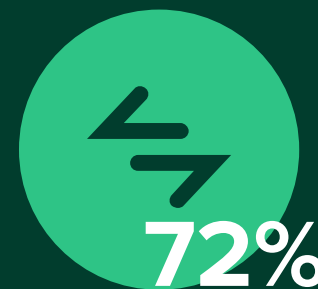
To extend reach



Better customer engagement



Advertising buying efficiency



Brand alignment

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# Advertising Budgets Are Shifting Toward Branding



Advertisers allocate **53%**  
of budgets towards branding  
on average

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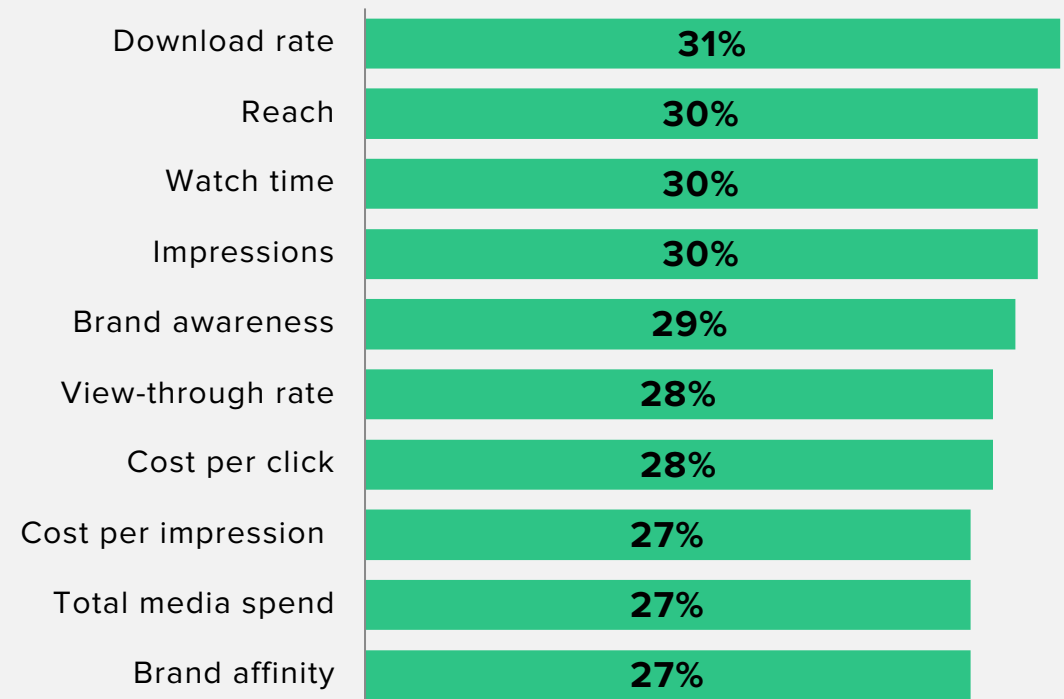
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# As Budgets Shift To Branding, KPIs Start To Show A Long-Term Orientation

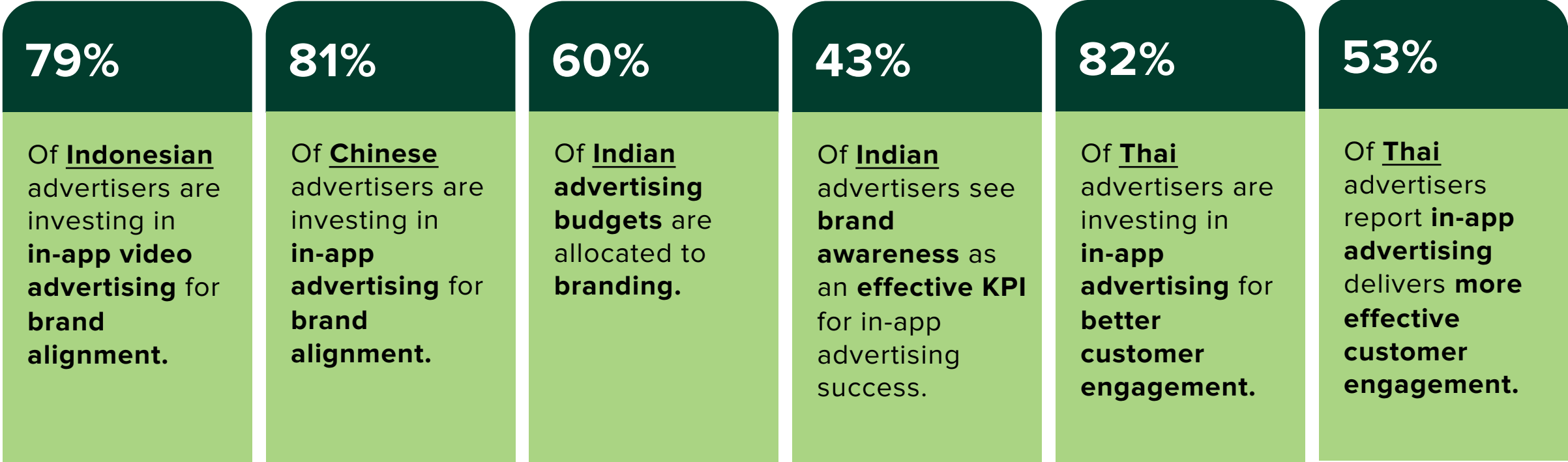
Forrester research shows sustained growth requires both short-term revenue-generating marketing objectives as well as long-term brand-building objectives. However, market forces such as the pandemic, have propelled brands into decisions that favor short-term goals such as driving sales conversion at the cost of long-term goals such as building brand affinity and increasing customer lifetime value.<sup>3</sup>

As budgets shift to branding, in-app video advertising KPIs with a long-term orientation such as brand awareness and brand affinity are becoming more widely used.

## Most effective KPIs for measuring in-app video advertising success



# Country Snapshots For Branding And Customer Engagement



APAC average of **72%**

APAC average of **72%**

APAC average of **53%**

APAC average of **29%**

APAC average of **73%**

APAC average of **53%**

# Programmatic In-App Advertising Delivers Better Engagement, Reach, And Targeting For APAC Advertisers

**45%**

Report more effective customer engagement.



**43%**

Report better audience targeting.



**44%**

Report better reach and frequency caps.






**41%**

Report more definitive audience targets.



# Key Recommendations

-  **Partner with publishers and SSPs that support targeting and brand safety.** As brand advertising spend grows, advertisers are looking to publishers and SSPs that offer access to audience and publisher data for targeting and a brand-safe environment. Developers should spend time understanding their partners' capabilities to ensure advertisers will continue to buy their inventory.
-  **Engage a partner that takes the complexity out of data privacy.** Data privacy was a widely reported challenge when using programmatic in-app advertising. This is unsurprising, given the range of local regulations to keep track of, such as GDPR and CCPA.<sup>4</sup> By working with a partner that understands the regulations and provides tooling that supports management, developers can spend less time worrying about compliance and data privacy complexities.
-  **Gaming developers should partner with an SSP that advocates for gaming as part of an omnichannel strategy.** Given that some markets in APAC are less likely to use gaming apps as part of their programmatic in-app advertising, it's important for developers to partner with an SSP that understands the benefits of and will advocate for gaming apps as part of an omnichannel strategy. This will ensure quality ads from outside of gaming for developers, while educating marketers on the benefits gaming will offer as part of an omnichannel campaign strategy.

# Methodology

In this study, Forrester conducted an online survey of 472 respondents from China, Singapore, India, Japan, Indonesia, South Korea, Thailand, and Vietnam. Survey participants were advertising decision-makers with responsibility for mobile media buying. The study began September 2021 and was completed in November 2021.

## Endnotes

<sup>1</sup> Source: “Mobile Advertising Trends To Watch,” Forrester Research, Inc., July 20, 2021.

<sup>2</sup> Source: “Programmatic Advertising Spend Key Trends,” Forrester Research, Inc., January 24, 2021.

<sup>3</sup> Source: “Marketers, Stop Sacrificing Long-Term Goals For Short-Term Wins,” Forrester Research, Inc., August 12, 2019.

<sup>4</sup> Source: GDPR: General Data Protection Regulation; CCPA: California Consumer Privacy Act.

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