

# Industry Pulse:

# Advertising trends, technologies, and priorities that will shape the industry in 2019

Digital advertising is a change driven business. To better understand where to focus over the next year, we asked professionals from all corners of the industry about the challenges they faced in 2018, opportunities they consider important, and how those factors will drive change in 2019.

We invite you to explore what we discovered.



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### Our goal:

To discover how industry professionals perceived trust, transparency, and innovation in 2018, and how that will impact their focus and budgets in 2019.

### **Dates in field:**

11/15/18 - 12/02/18

### Sample:

912 digital media professionals

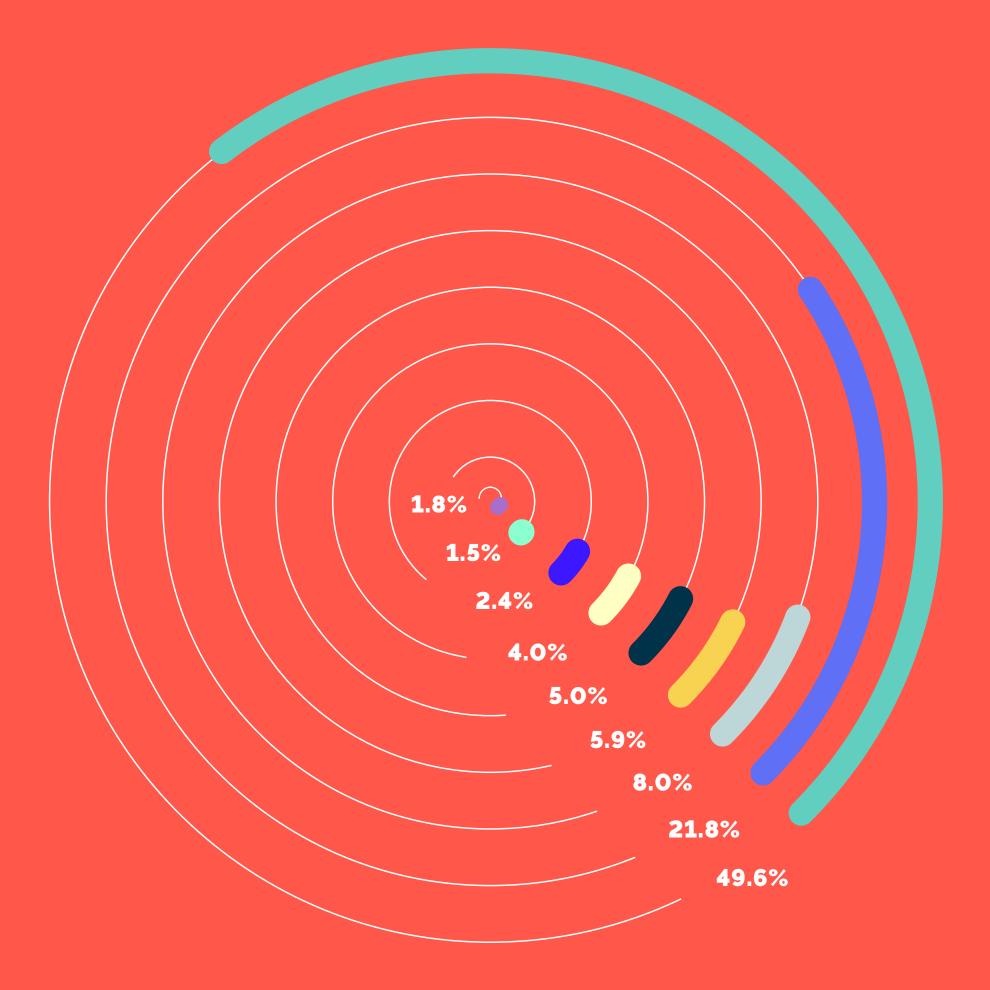
### **Methodology:**

Online survey of IAS database

Promoted via IAS social media channels to solicit additional non-database responses

### Sample breakout:

- Creative / Media / Full Agency
- Publisher
- Brand / Advertiser
- Other and Tech Company
- DSP
- Network or Exchange
- Trading Desk
- SSP
- Consultancy







# Data privacy and measurement are top priorities for 2019

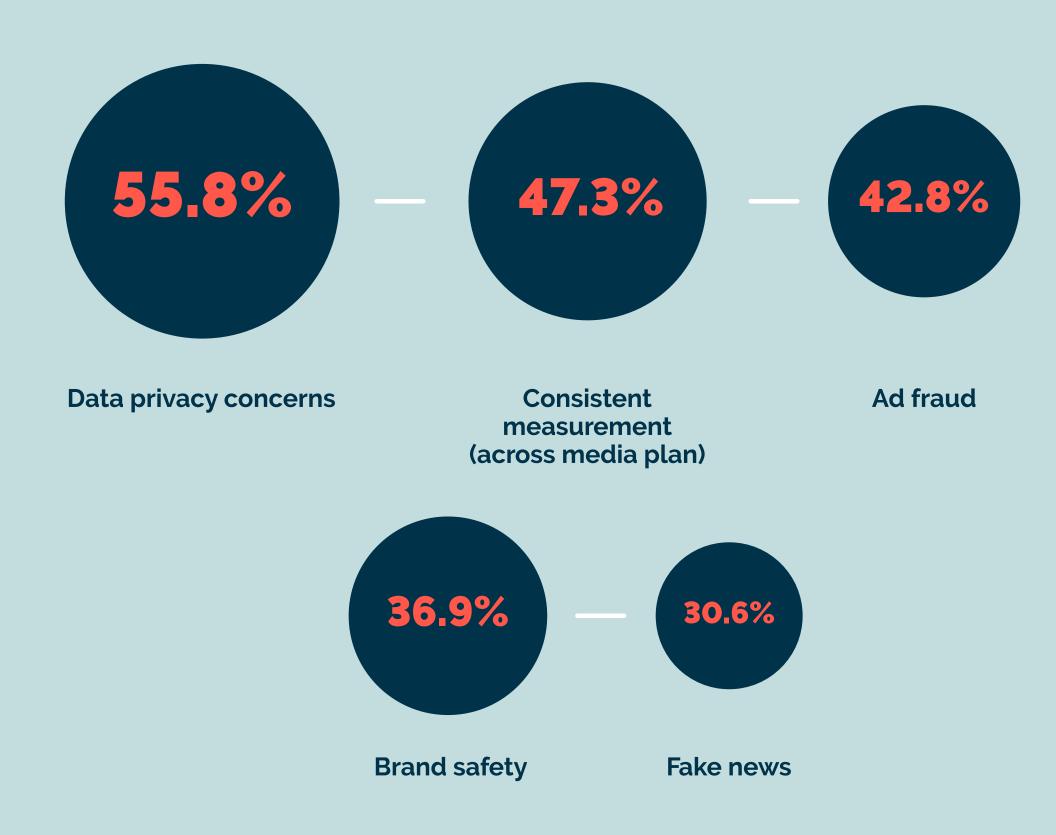
In the wake of the EU's adoption of the General Data Protection Regulation (GDPR), high profile data breaches, and shifting consumer awareness of data issues, it's no surprise data privacy has risen to the top of the priority list for 2019. Close to 56% of digital media professionals feel data privacy will be even more important in 2019 compared to 43% in 2018.

Also increasing in importance for marketers: a pervasive need to ensure consistent measurement across their media plans. Nearly 50% cited this as a growing challenge to overcome in 2019.



In your opinion, which of the following industry challenges do you see becoming A GREATER concern in 2019? (Please select all that apply)

## Top 5 industry priorities in 2019 (% total respondents)



Total respondents



# Data privacy regulations will only become more important

With the first anniversary of GDPR enforcement coming up in May, 94% of digital media professionals anticipate data privacy regulations will become more strict worldwide, and executives are paying attention.

CB Insights analyzed over 6,000 earnings call transcripts from companies across the globe and found that the number of times GDPR was mentioned during the calls increased from seven in Q1 2017 to 177 in Q1 2018.

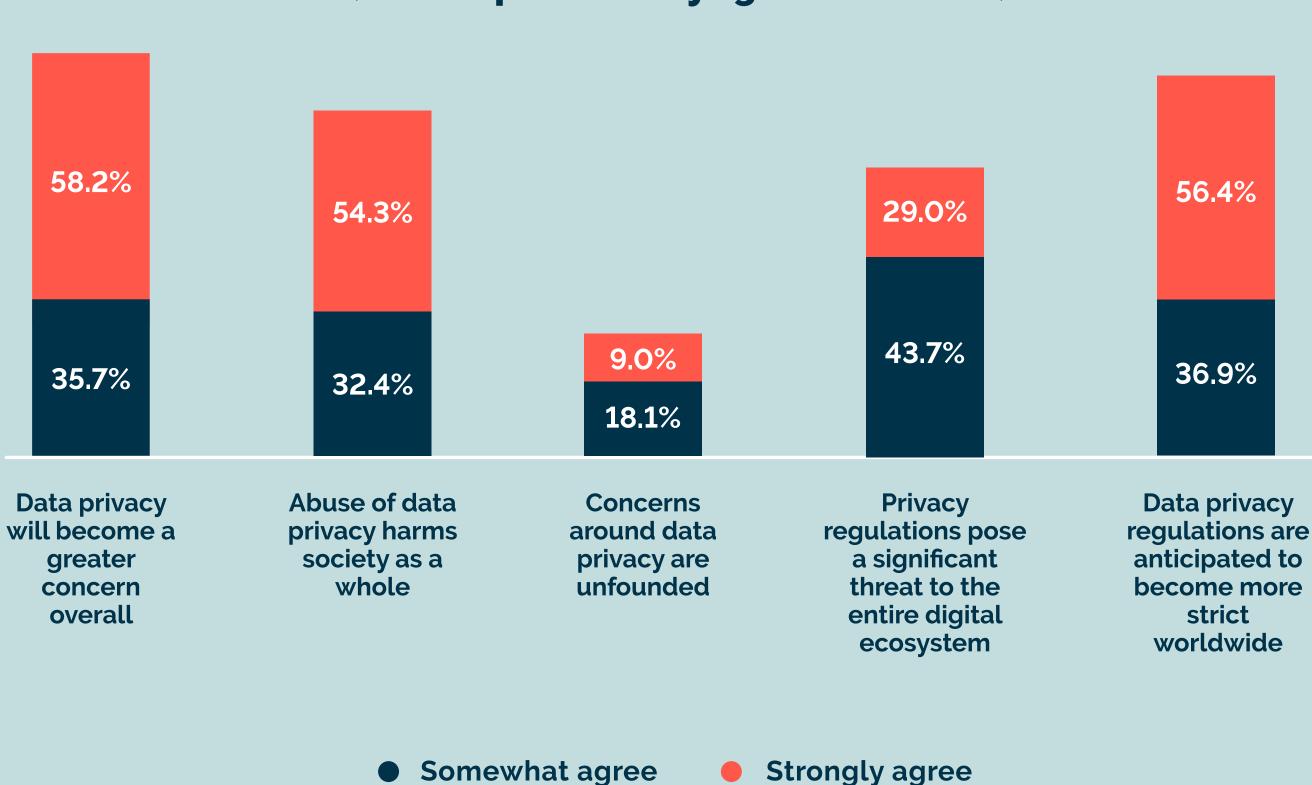
On a grand scale, the jury is still out as to how data privacy regulations will affect the ad business, but close to 74% of respondents surveyed feel privacy regulations will occupy more of their attention in the coming year.

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Thinking about 2019, please indicate how strongly you agree with the following statements.

# Statements about data privacy (% of respondents by agreement level)



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"Data privacy will continue to impress on our industry a response that is legal, ethical, and one which puts the consumer back in control."

- SVP of International CPG Company

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### **Brand & agency alignment**

Brands and agencies are finally speaking the same language when it comes to the challenges they will need to solve for in the industry in 2019.

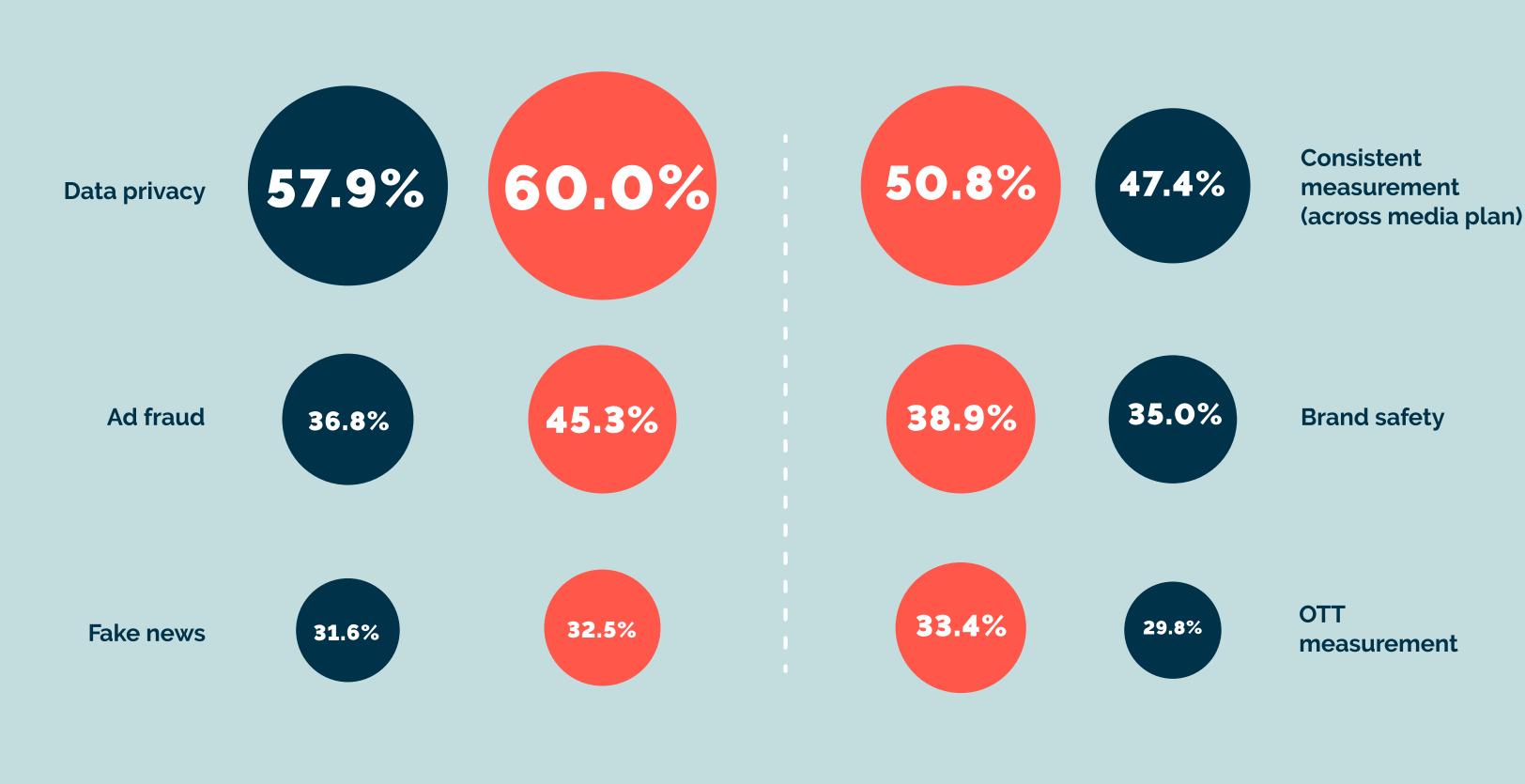
In 2018, brands were thinking about privacy and ROI. Agencies said they needed to solve for in-app measurement & ad fraud, in addition to privacy. This year, top priorities for both are more aligned.

Data privacy and the need for consistent measurement are top issues that brands and agencies expect to tackle in 2019.

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In your opinion, which of the following industry challenges do you see becoming A GREATER concern in 2019?
(Please select all that apply)

# Industry priorities in 2019 for brands vs. agencies (% respondents)



Brand

Agency



"We are data rich...but action poor. We have so many data sources and partners that analytics and measurement are difficult to understand and [use to] determine actionable insights."

- Manager, Major Automotive Company

"With new data privacy policies in 2019, the US old measurement solutions need to evolve to accommodate new data privacy concerns."

- SVP Global Media Agency



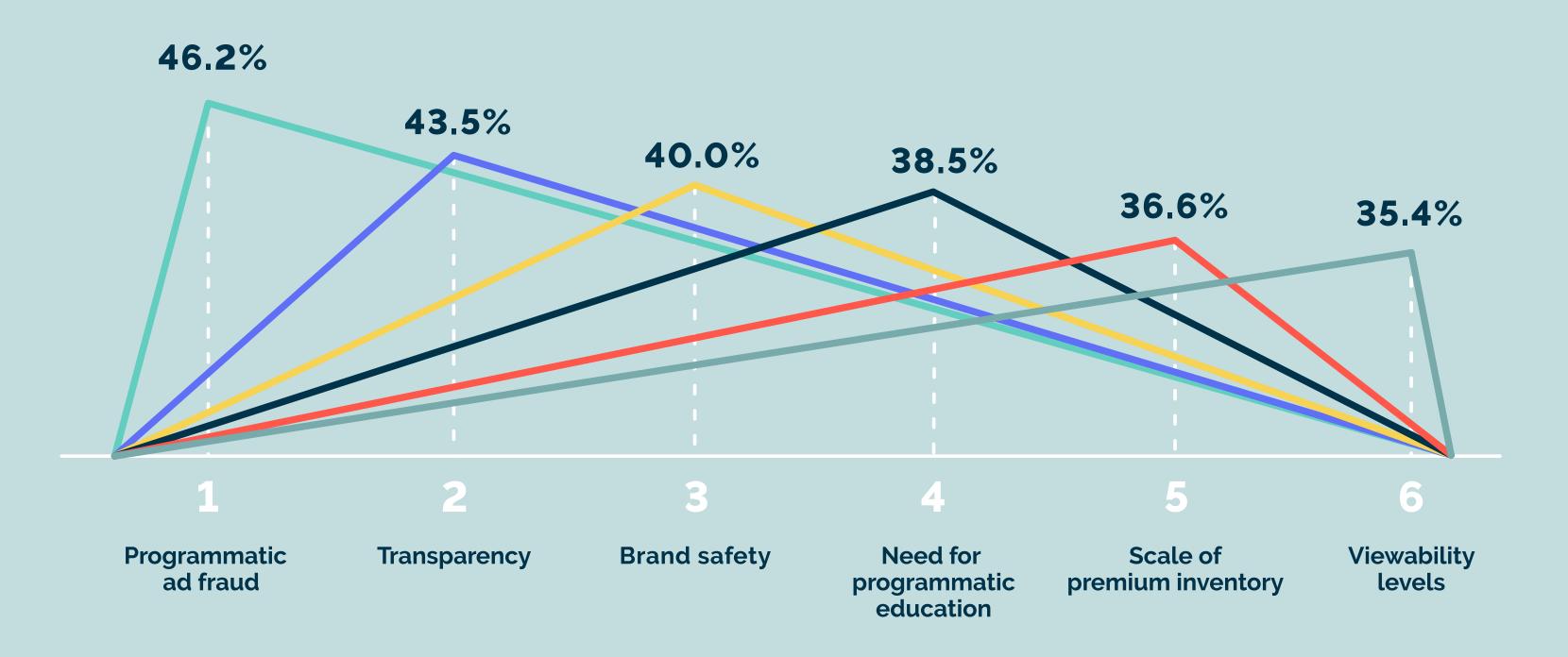
# Ad fraud in programmatic

When it comes to programmatic, ad fraud is still a top priority for digital media professionals. Nearly half agreed that ad fraud and transparency were significant issues in 2018. That concern has vastly decreased as compared to last year (61.8%), however, there is still a need for collective action from the digital advertising industry to improve overall media quality.



Over the past year, which of the following do you think represented a significant challenge within programmatic advertising?

## Priorities in programmatic advertising in 2019 (% respondents)







# Focus on ROI attribution is still a need

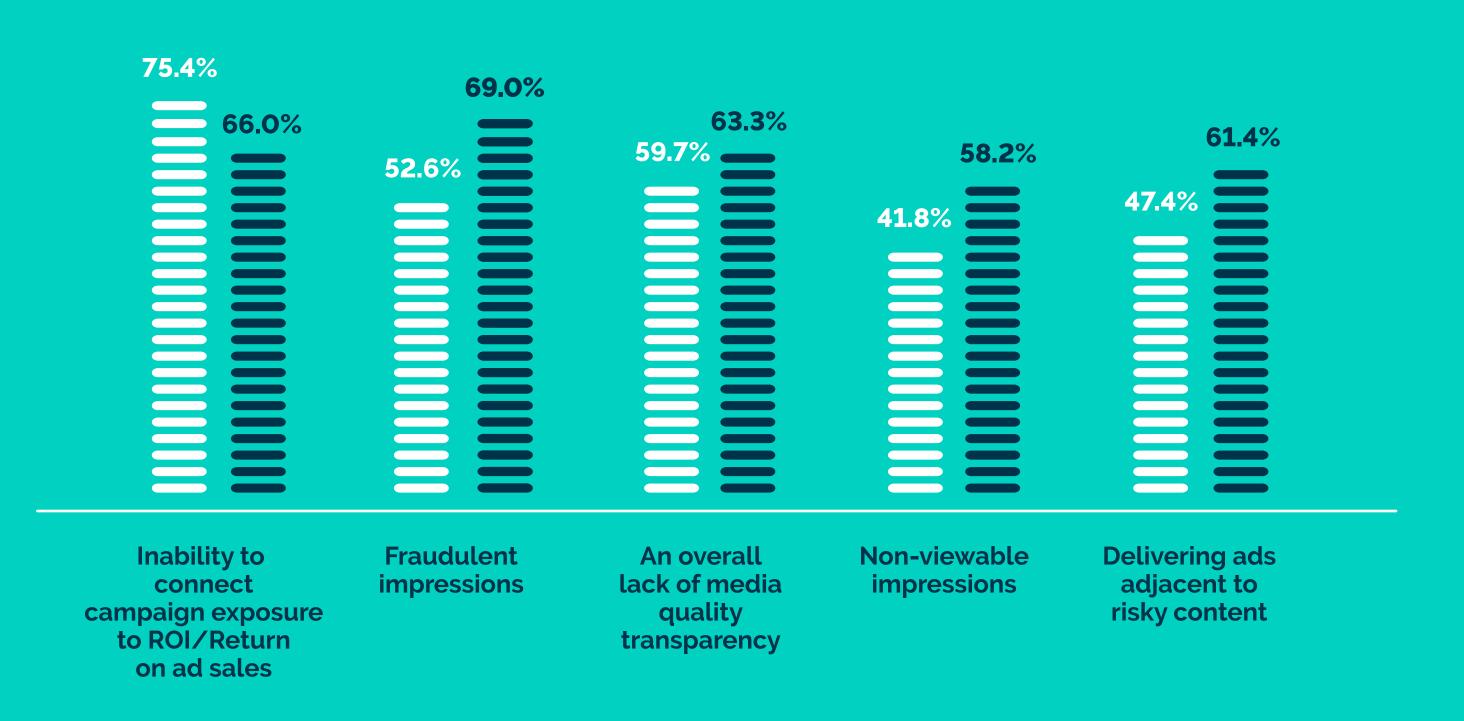
The desire for clear mechanisms to demonstrate ROI remains the most significant driver of digital advertising budgets among brand advertisers. At 75.4%, this need to connect their campaign spend to value outranked other concerns.

On the agency side, ROI measurement and fraudulent impressions were nearly equal in importance, followed closely by media quality.



When thinking about digital advertising budgets in 2019, please rate how strongly you see each of the following as a threat to expenditure. (1 being no threat and 5 being the strongest possible threat)

### Threats to digital advertising budgets (% of respondents rated 4 or 5 out of 5)



BrandsAgencies





"If brands see stronger, measurable results to their business from digital, spend will increase. This is not only driven by focusing on ROI, but also [by providing] more verified impressions (i.e. less fraud) and more inherently viewable ads."

- Buyer at Media Agency

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# Brand safety is now a top need for advertisers in social

While "driving consumer actions" was listed as the most important factor when assessing social media campaigns in 2017, this year brand safety is top of mind.

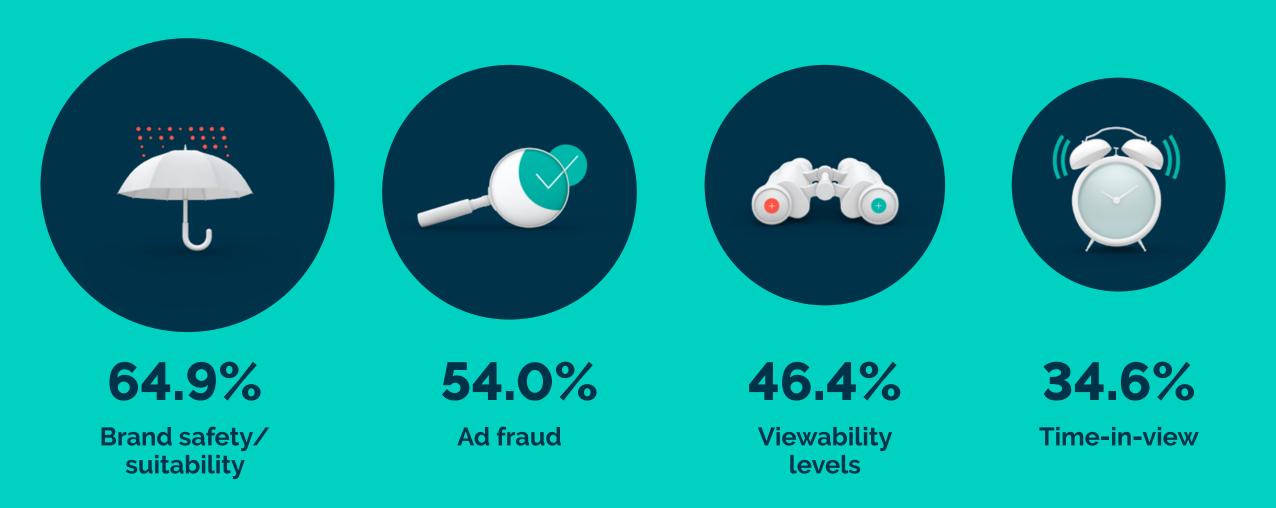
It's been less than two years since advertisers pulled their ads from major platforms in response to a report about brand ads running alongside questionable content.

According to eMarketer, "the topic is so popular that a new trade group, Brand Safety Institute, launched in July 25, 2018."



Please rank the following metrics from most to least important when assessing the quality of social media campaigns. (1 being the most important)

# Most important performance measurement metrics for social campaigns (% of respondents ranked 1 or 2 out of 4)



13



"We saw a lot of social platforms update their privacy policies and become more transparent with their users. This topic will become the greatest challenge for 2019."

- Media Planner at a Media Agency

"I think brand safety will always be a legitimate concern especially on platforms fueled by user generated content."

- Senior Planner Media Agency



# Social media platforms will continue to grow and drive toward greater transparency

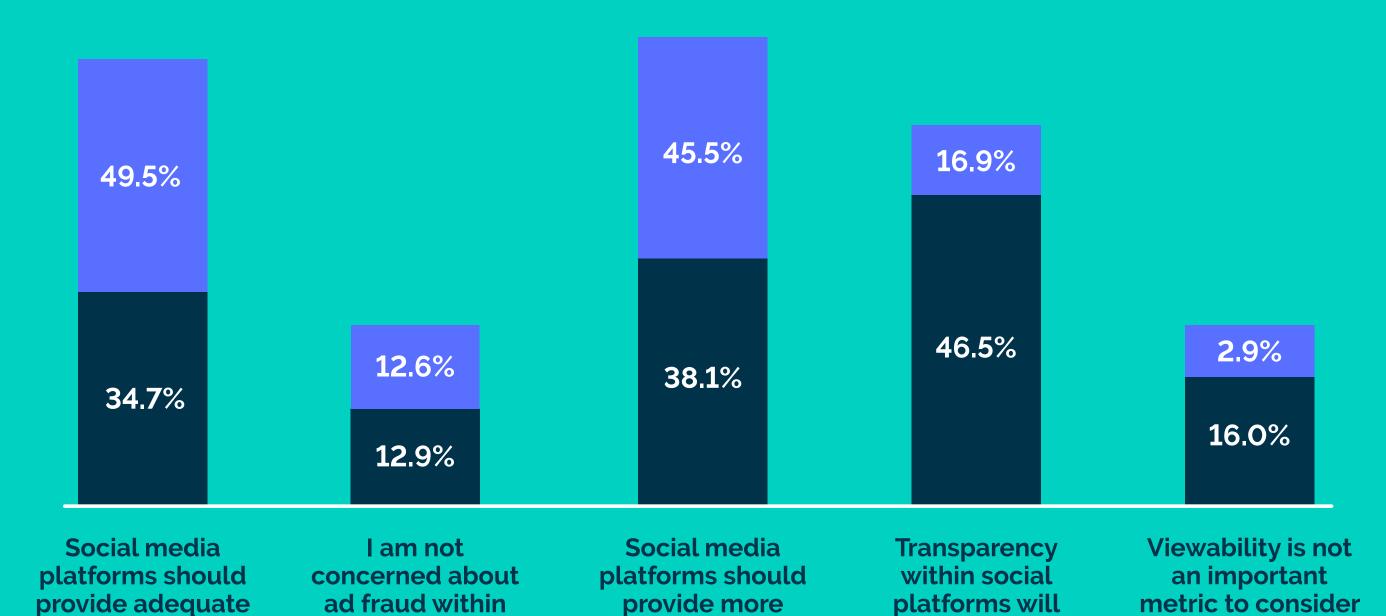
Conversations around transparency and brand risk will likely have a limited impact on social media ad spending. Although a strong majority would like more transparency from social platforms, industry professionals are still split on whether those needs will materially impact social budgets.

However, if earnings are any indicator, then social platforms will keep their place in budgets. In Q1 of 2018, concurrent with a wider industry conversation around social transparency, eMarketer found that "Facebook reported better-than-expected revenues in Q1 2018. The company's worldwide ad revenue rose 50.1% year-over-year reaching \$11.8 billion in Q1. In North America, Facebook's largest region, ad revenue rose 44.4% to \$5.56 billion."



Thinking ahead to 2019, please indicate how strongly you agree with the following statements about social media platforms.

## Statements about social media campaign transparency (% of respondents by agreement level)



transparency in

terms of the levels

of viewability

Somewhat agree

my social media

campaigns

transparency in

terms of the level

of brand risk

Strongly agree

impact my media

**budget decisions** 

in 2019

when assessing

social media

campaigns



# The future

Cross-device comes of age

Advertisers demand measurement

Get ready for OTT

**Brand safety** on eCommerce platforms

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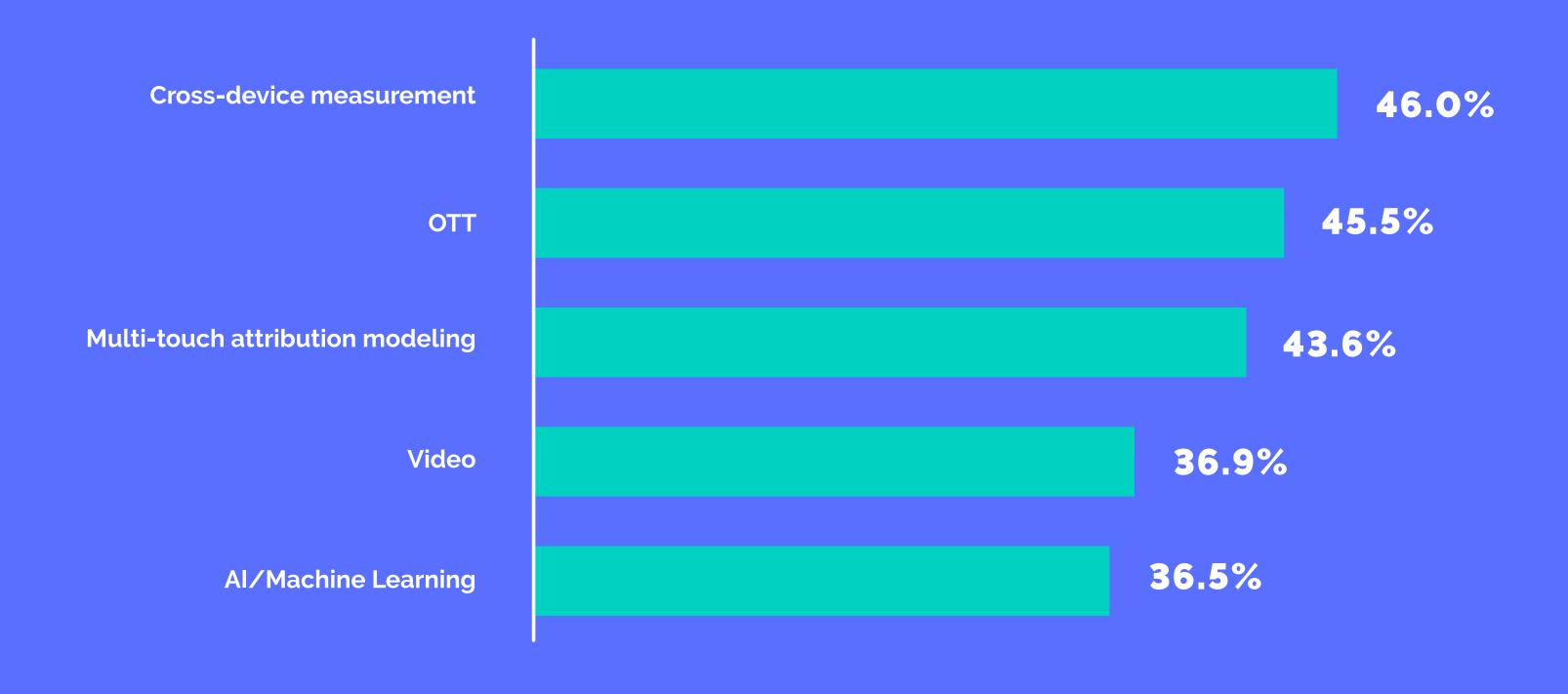


### Cross-device comes of age

Looking ahead, the industry sees opportunity in cross-device campaigns and multi-touch attribution modeling in 2019. But, a new space for measurement and advertising is on their minds.

OTT makes the list for the first time this year, reflecting a consumer shift in viewing behaviors. It came in a strong second place on the list of overall opportunities for 2019.

## Top industry opportunities in 2019 (% respondents)





Which of the following do you think will offer the biggest opportunity for digital advertisers in 2019? (Please select all that apply).





"Cross-device measurement and multi-touch attribution go hand in hand. They are huge opportunities in terms of increasing [our] ability to record and prove the worth of media."

- Analyst at Major Consumer and Business Electronics Organization

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# Advertisers demand measurement

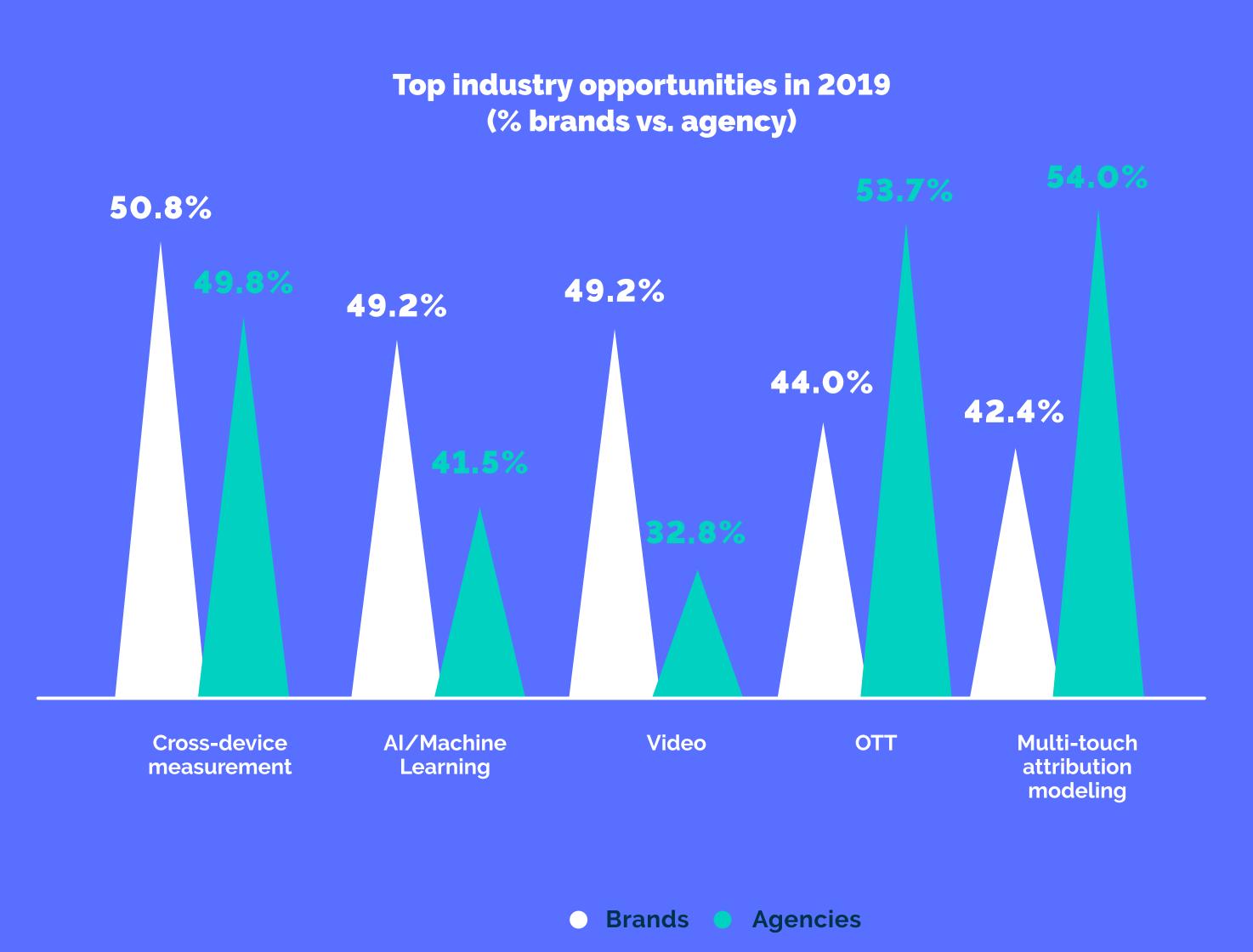
Agencies and brands both view cross-device measurement as a top opportunity in 2019.

More than 40% of industry professionals feel that artificial intelligence (AI) and machine learning will make significant strides in 2019. Brands are even more enthusiastic about the promise of AI and machine learning.

Brands perceive video as their major opportunity in 2019 along with AI. Agency respondents were more focused on OTT and how will it play a vital role in elevating campaigns.



Which of the following do you think will offer the biggest opportunity for digital advertisers in 2019? (Please select all that apply).





### **Get ready for OTT**

When asked about OTT specifically, the industry indicated they are increasing their investments and consider it critical.

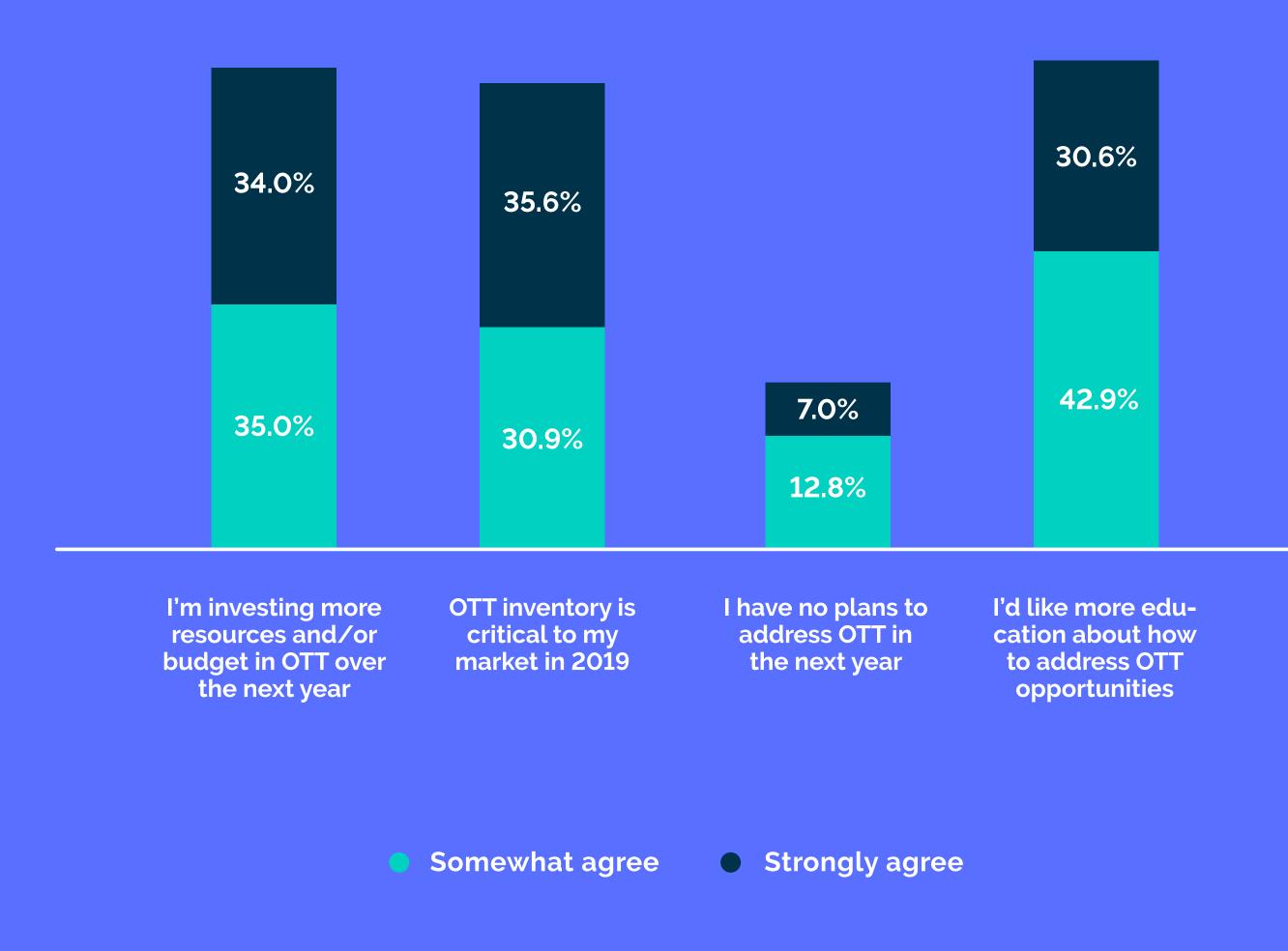
Seventy percent plan to invest more resources and/or budget in OTT over the next year.

OTT is a nascent space, however, and digital media professionals are asking for more education so they can effectively address opportunities in 2019 and beyond.



Thinking about 2019, please indicate how strongly you agree with the following statements regarding OTT.

## Statements about OTT (% total respondents by agreement level)



20



"Everyone wants to get in on AI/machine learning, but I find that it is very unclear what that even means, can you truly have an opportunity that is 100% AI?"

- Account Executive at AdTech Company

"OTT video seems to present the biggest growth opportunity for digital video. Large audiences are embracing cord cutting and are migrating from traditional TV to streaming services. The ad tech industry seems to be finally getting to the point where they can actually monetize this viewership."

- New Media Expert



# **Brand safety on eCommerce Platforms**

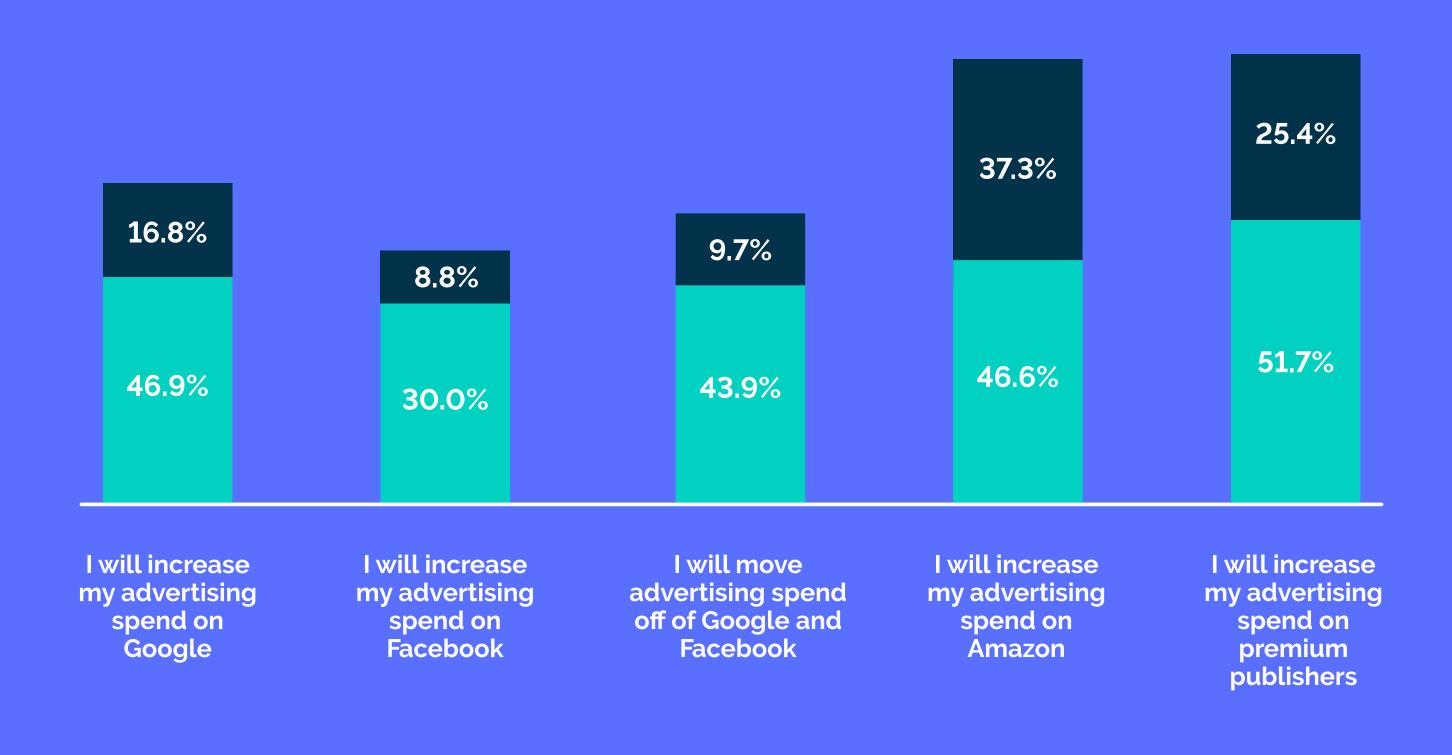
Over 83% of digital professionals believe that Amazon will gain a larger portion of digital advertising budgets in 2019. eMarketer estimates US advertisers spent \$4.61 billion using Amazon's platform in 2018, a 144.5% increase from the previous year.

In a time when brands are trying to maintain consumer trust, they want to appear next to content that makes sense for their company when advertising on digital media. eCommerce platforms like Amazon allow for a brand-safe environment where consumers are ready to purchase, making for an easy sell to buyers.



Please indicate how strongly you agree with the following statements about advertising budgets for 2019.

### Statements about advertising budgets (% total respondents by agreement level)



Somewhat agree

Strongly agree



### What we learned in 2018 and what will it mean for 2019:



### Data privacy:

Regulation will not stop at GDPR and The California Consumer Privacy Act of 2018. Ninety four percent of digital media professionals anticipate data privacy regulations will become stricter worldwide and 74% of respondents surveyed agree that privacy regulations will occupy more of their attention in 2019.



### **Attribution:**

Digital media professionals continue to call for significant investments in accurate measurement for 2019, as the need for clear ROI attribution remains the biggest driver of brand spending for the second year in a row.



### **OTT** is coming:

More dollars will be invested into OTT, however digital media professionals would like more education on how to effectively harness the power of OTT, as more connected device companies and TV manufacturers, increase their ad offerings through smart TVs.



### Brand safety in social:

Industry professionals consider brand safety in social important, and are still split on whether transparency challenges will reduce social budgets. Leaders in this category have pursued third-party verification partnerships to increase transparency and mitigate risk.



### Brand safety on eCommerce:

Given the state of brand safety across social media platforms like Facebook and YouTube, Amazon's share of the US digital ad market is slated to grow.



### About IAS

Integral Ad Science (IAS) is a global technology company that offers data and solutions to establish a safer, more effective advertising ecosystem. We partner with advertisers and publishers to protect their investments, capture consumer attention, and drive business impact. Founded in 2009, IAS is headquartered in New York with global operations in 13 countries. Our growth and innovation have been recognized in the Inc. 5000, Crain's Fast 50, Forbes America's Most Promising Companies, and I-COM's Smart Data Marketing Technology Company.

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