

Look ahead:

Transparency will shape 2018

We asked professionals from all corners of the digital advertising industry about the challenges they faced in 2017 to learn how those challenges will drive change in 2018.

We invite you to explore what we discovered...



Our goal:

To discover how industry professionals perceived trust, transparency, and innovation in 2017, and how that will impact their focus and budgets in 2018.

Dates in field:

12.4.17 – 12.15.17

Sample:

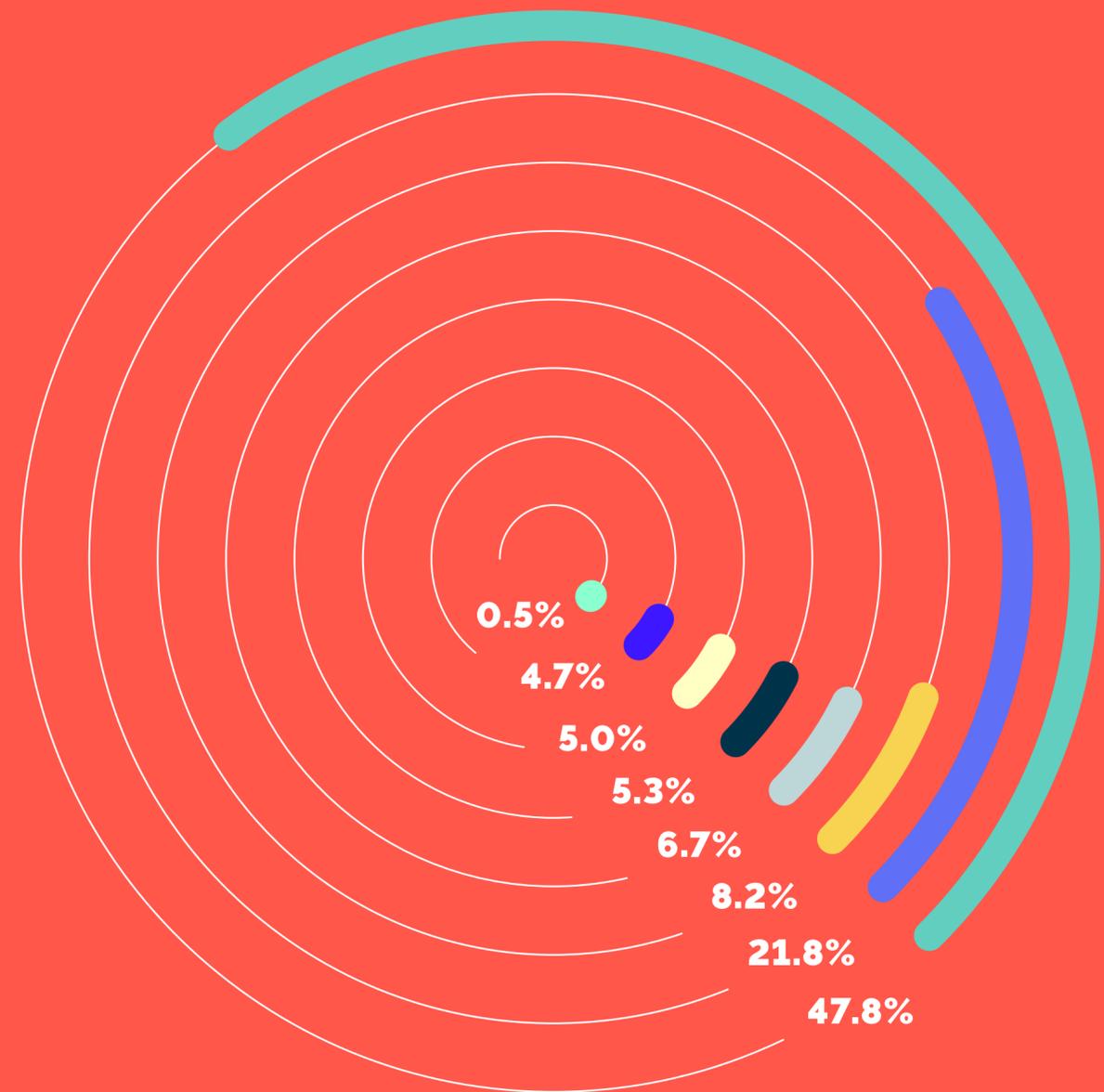
816 digital media professionals

Methodology:

Online survey of IAS database

Sample breakout:

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



CHALLENGES

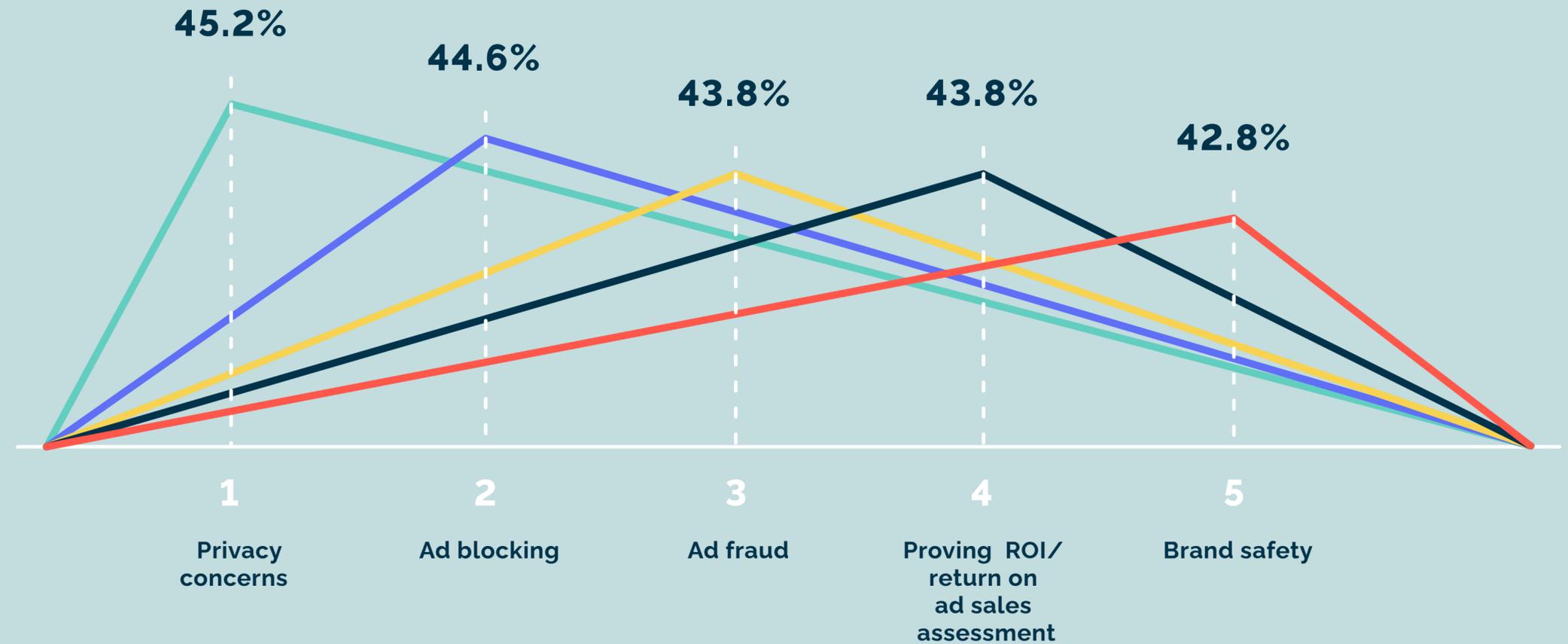
Top challenges	04
• Brand vs agency challenges	05
• Programmatic	06
• Measurement	07
• Measurement (BDM)	08
• Fake News	09



Digital advertising professionals see trust, transparency, and measurement as increasing challenges in 2018.

Big consumer data breaches in 2017 drove privacy concerns to the top of the list of challenges industry professionals faced last year, followed closely by ad blocking and the ongoing struggle with fraud.

Top 5 industry challenges in 2018
(% total respondents)

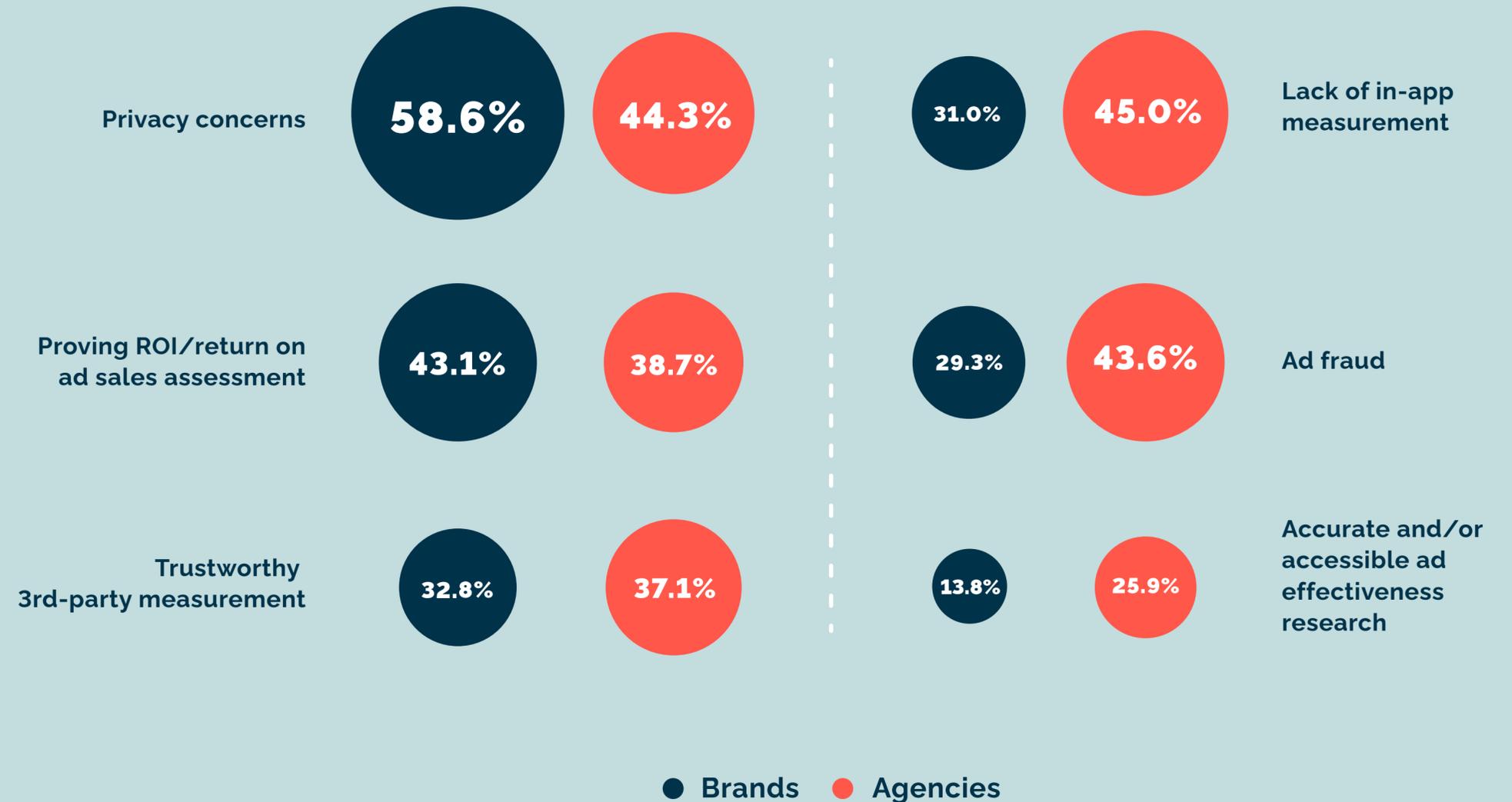


In your opinion, which of the following industry challenges do you see becoming A GREATER challenge in 2018 compared to 2017? (Please select all that apply).

But, brands and agencies aren't always on the same page about challenges they will face.

Not only do brands have greater concerns around privacy, they are also more likely to see challenges proving ROI. Agencies are more likely to see greater challenges in measurement in 2018.

Industry challenges in 2018 - brands vs. agencies (% respondents)

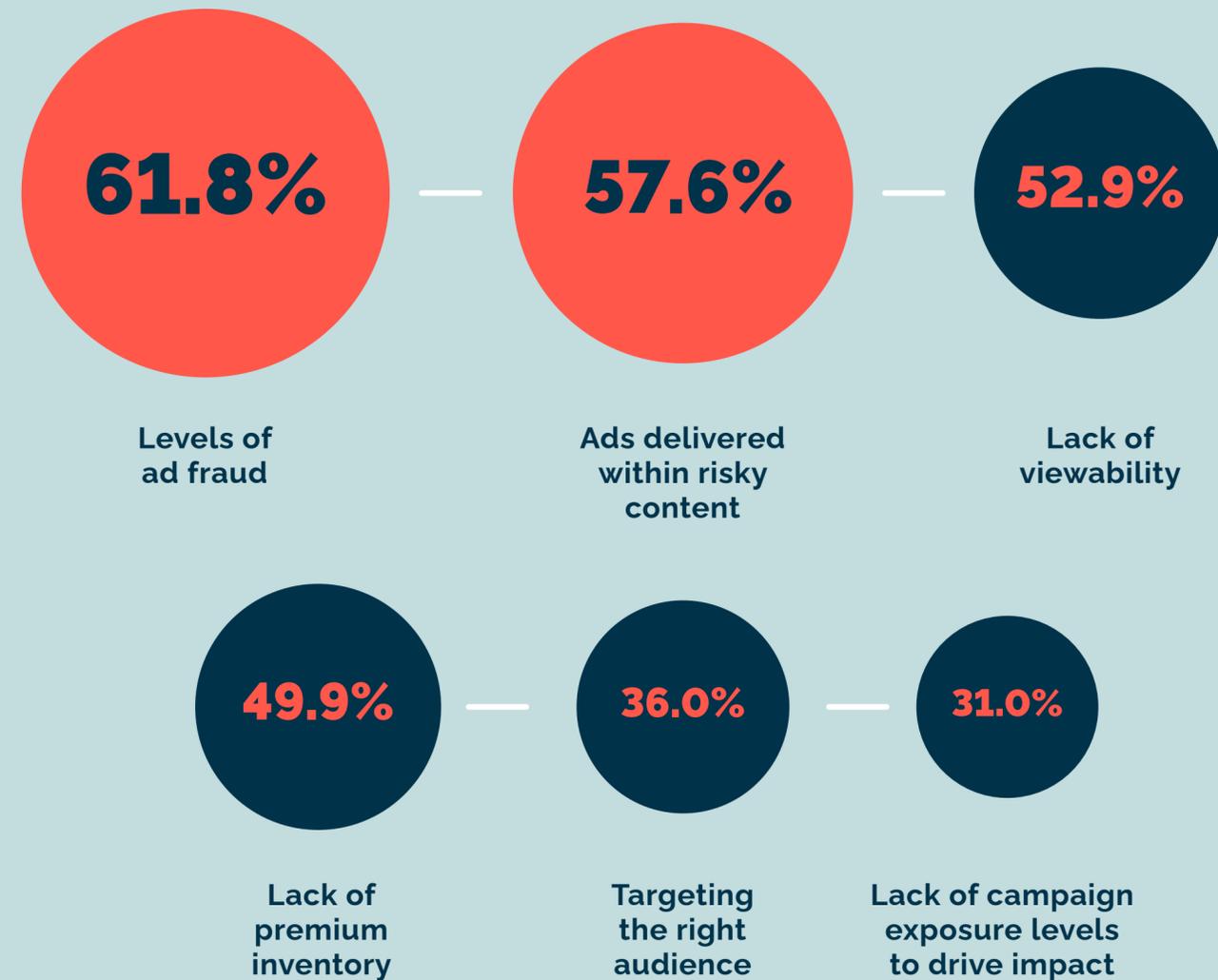


In your opinion, which of the following industry challenges do you see becoming A GREATER challenge in 2018 compared to 2017?
(Please select all that apply).

When focusing on programmatic, 2017 was a year of media quality challenges.

Programmatic advertising continues to improve transacting, targeting, and reporting in digital advertising. However, increasing automation of the transacting process has led to increased media quality concerns around fraud, brand risk, and viewability.

Programmatic challenges in 2017 (% respondents)

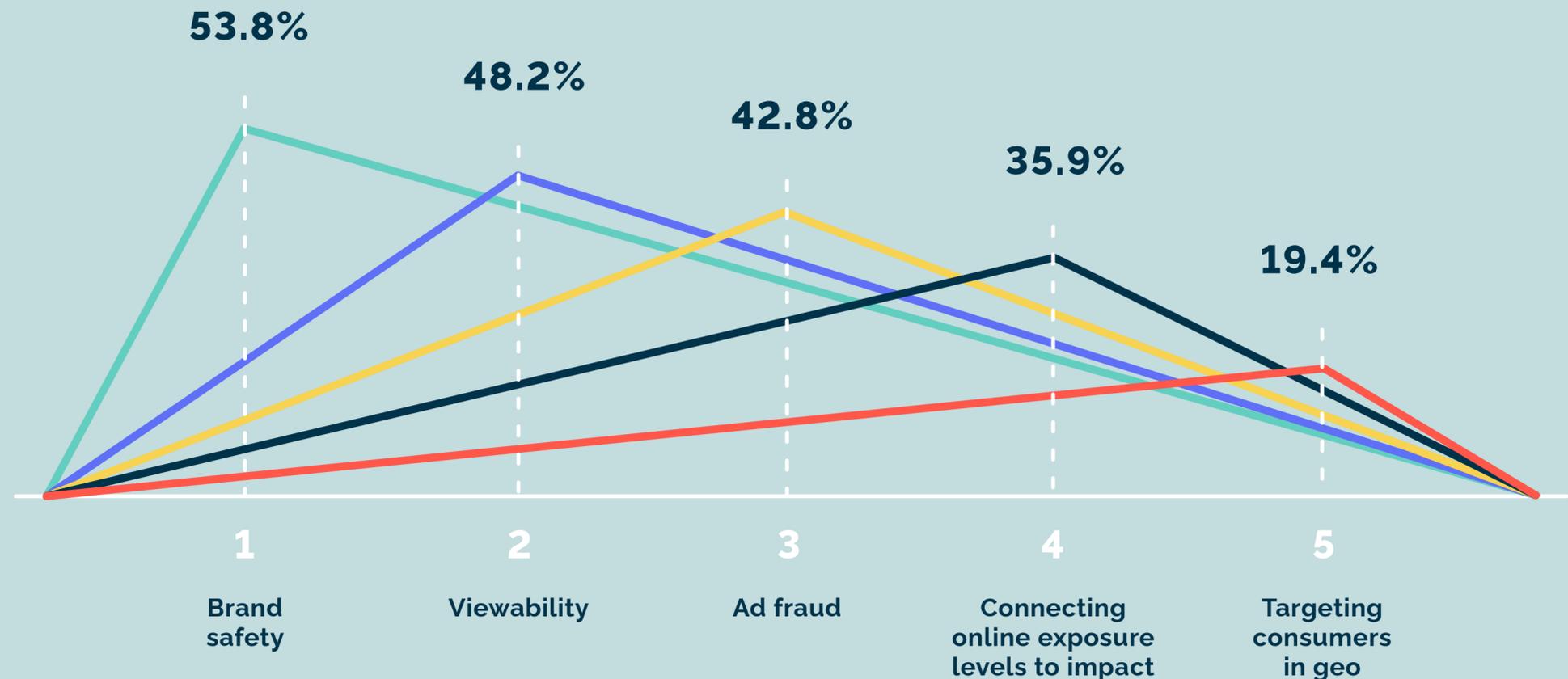


Over the past year, which of the following do you think were significant challenges programmatic advertisers faced? (Please select all that apply).

Measurement will be a big focal point in 2018 and brand safety was ranked as the most important media quality metric to measure.

From ISIS to electoral politics, brands had a challenging year in regards to brand safety. With constant headlines telling stories of ads appearing within unsavory content, it's no surprise that when asked to rank media quality metrics, industry professionals put brand safety on top.

**Most important measurement metrics
(% ranked highest to lowest)**

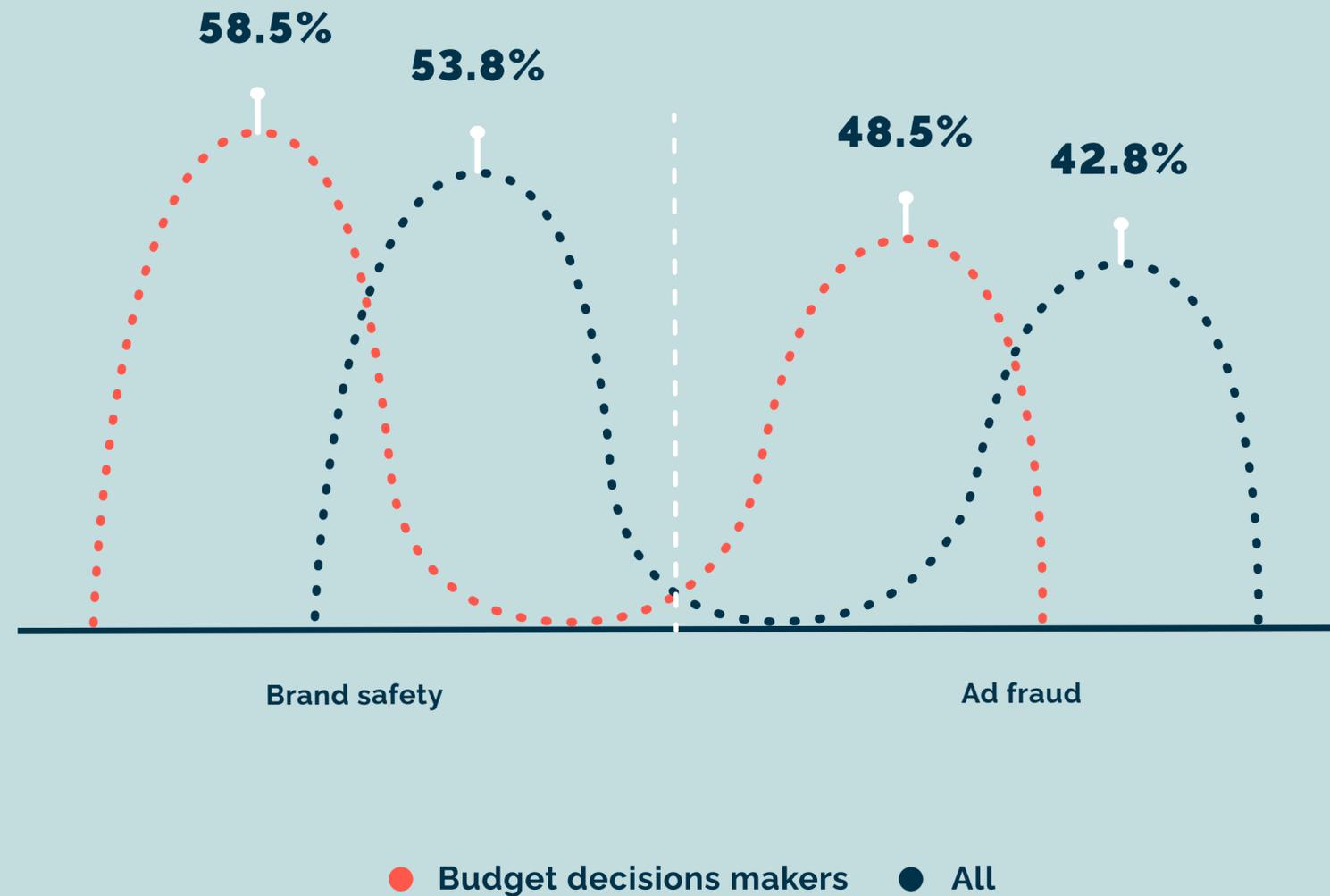


Thinking ahead to 2018, please order the following topics from the most important to the least in regards to digital campaign performance measurement. (Rank 1 as having the strongest impact and 5 having the lowest impact) (% based on those who ranked metric #1 or #2).

And, when we asked budget decision makers about measurement, brand safety became an even greater concern.

We wanted to understand which metrics meant the most to the professionals who influence advertiser budgets. Results show budget decision makers are even more concerned about brand safety and fraud.

Most important measurement metrics to budget decision makers (% ranked highest to lowest)



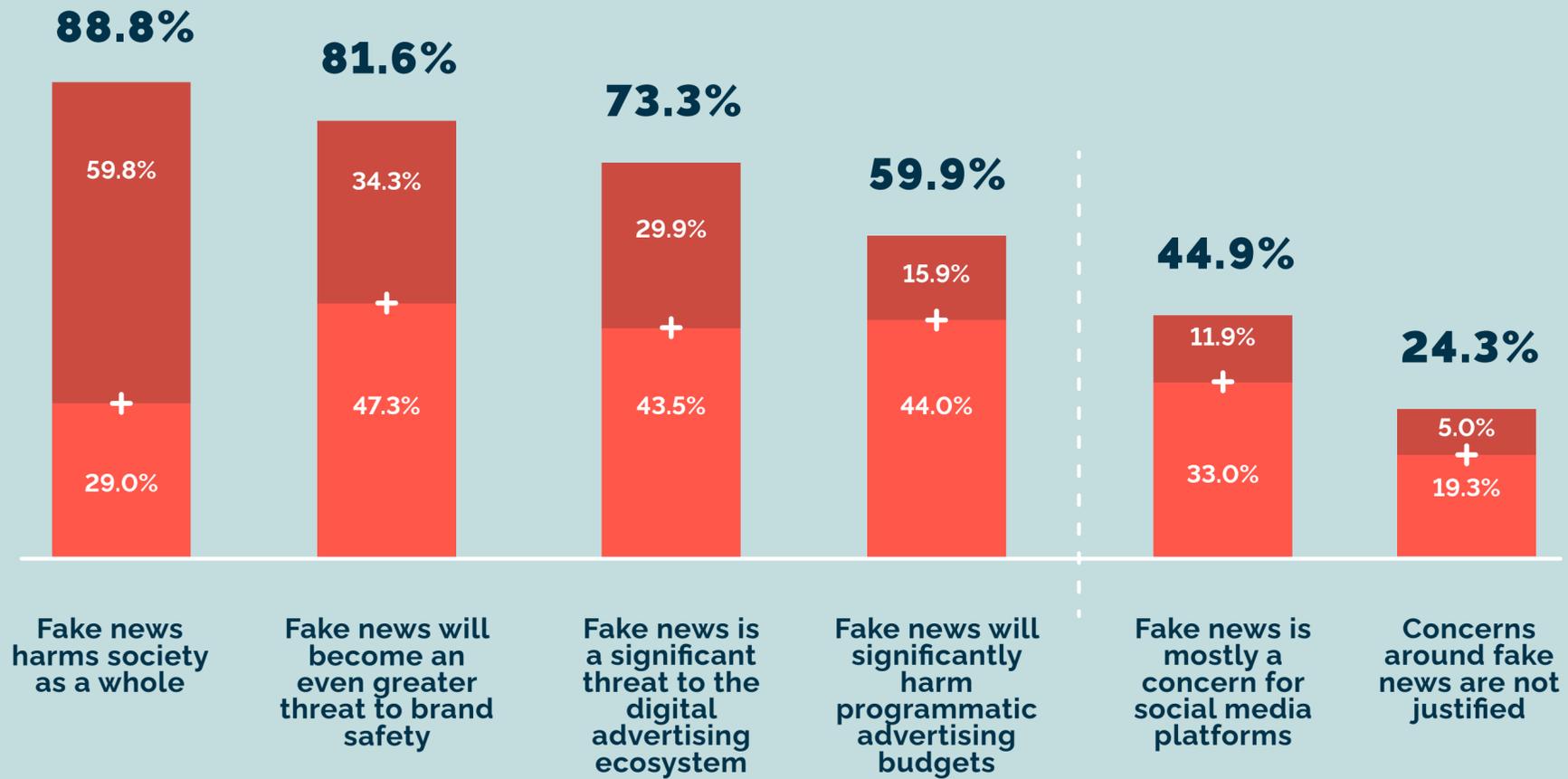
Thinking ahead to 2018, please order the following topics from the most important to the least in regards to digital campaign performance measurement. (Rank 1 as having the strongest impact and 5 having the lowest impact) (% based on those who ranked metric #1 or #2).

Fake news will challenge not just the advertising industry, but also society as a whole.



Fake news is creating a crisis of trust. When asked how strongly industry professionals agree with statements about fake news, it's clear that concern about the issue goes beyond advertising industry worries.

Statements about fake news
(% total respondents by agreement level)



● Somewhat ● Strongly agree



Thinking about 2018, please indicate how strongly you agree with the following statements:

TRANSPARENCY

- Transparency and budgets **11**
- Levels of transparency..... **12**
- Social..... **13**
- Video + Fake News **14**



Brands are demanding transparency with their dollars, and these categories are the most likely to impact spending.

Proving ROI is a big concern for brands, and their budgets will flow into solutions that provide ROI transparency. Agencies see fraud and risk transparency concerns as the most likely to impact their media budget allocations.

Threats to digital advertising budgets (% rated 4 or 5, top-2 box)



● Brands ● Agencies

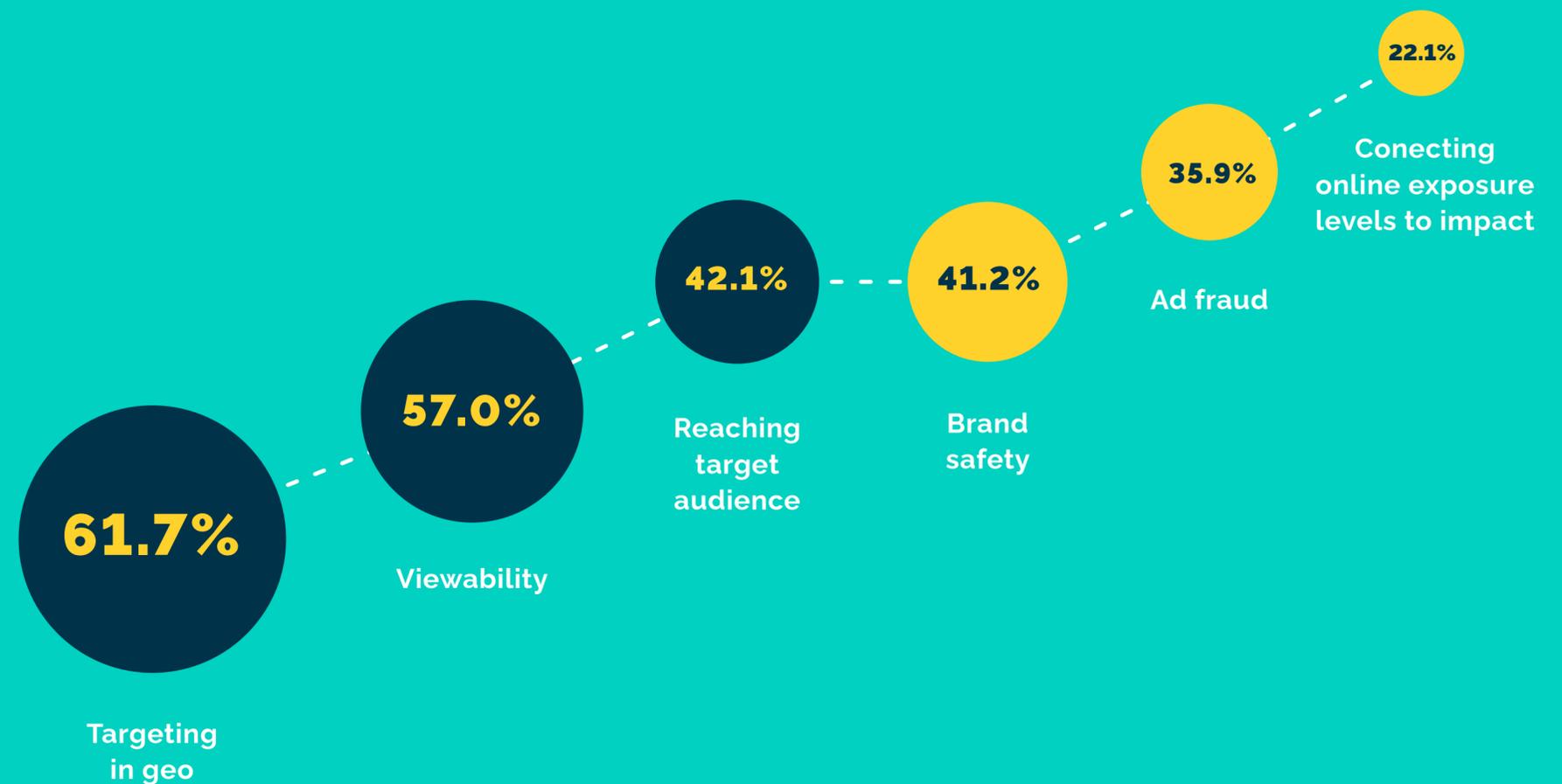


When thinking about digital advertising budgets in 2018, please rate how strongly you see each of the following as a threat to increasing investment in digital advertising. (1 = very low or no threat, and 5 = a significant threat) (% based on those who rated 4 or 5 top-2 box).

Brand safety, fraud, and connecting exposure to impact are the worst performers when ranked by level of perceived transparency.

Unpredictable user generated content, the rise of fake news, and fraudsters have caused industry professionals to rank the levels of transparency within fraud and brand safety as relatively low.

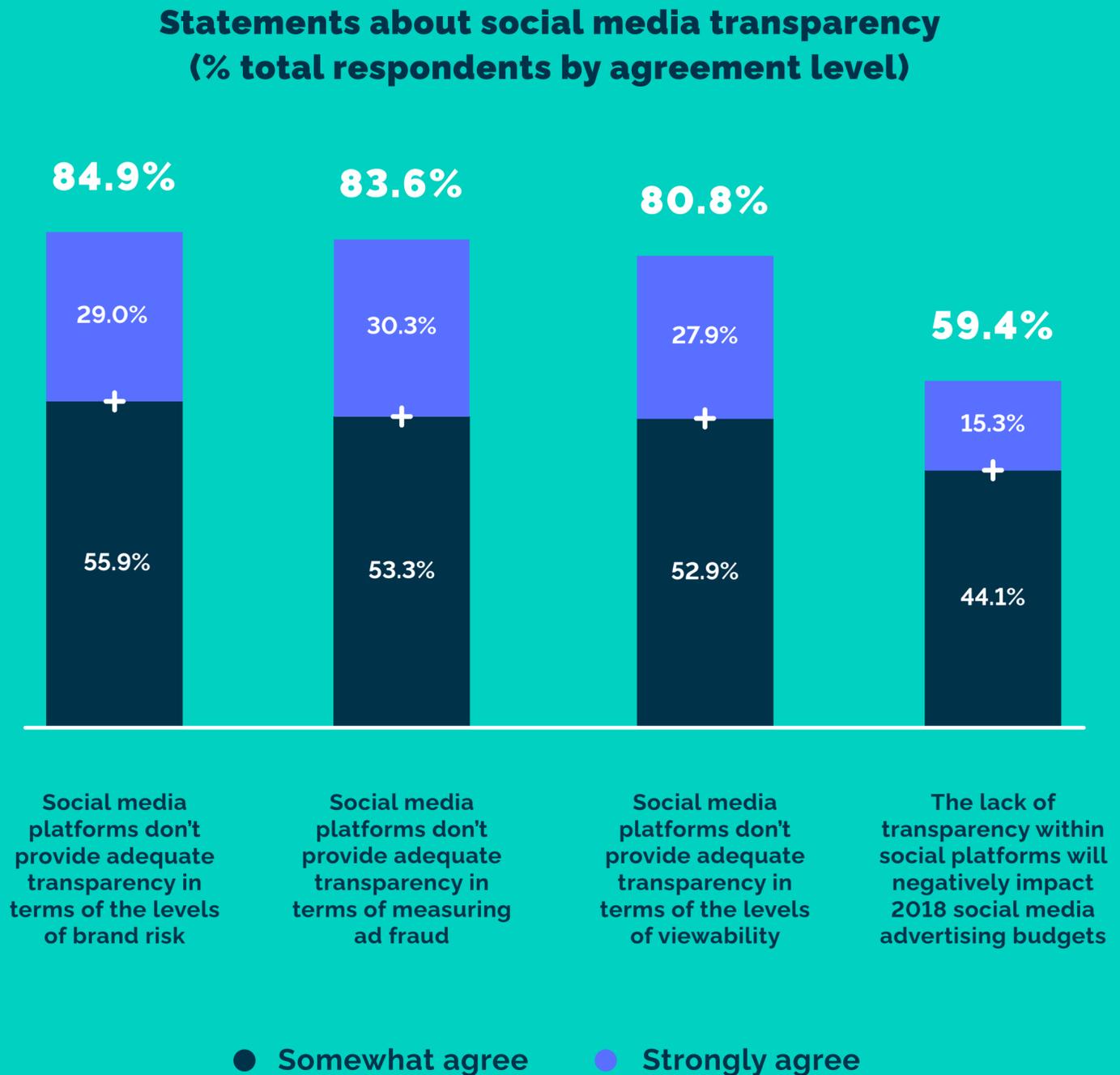
**Perceived levels of data transparency
(% rated 4 or 5, top-2 box)**



In your opinion, when thinking about 2018, please rate the level of transparency through data that exists within the industry for the following: (1 = a very low level of transparency, and 5 = a very high level of transparency) (% reflect those who rated metric a 4 or 5 top-2 box).

Transparency concerns extend to social platforms, too.

Over 8 in 10 industry professionals agree that there aren't adequate levels of transparency on social platforms across brand risk, ad fraud, and viewability. However, they aren't convinced that social media budgets will be impacted.

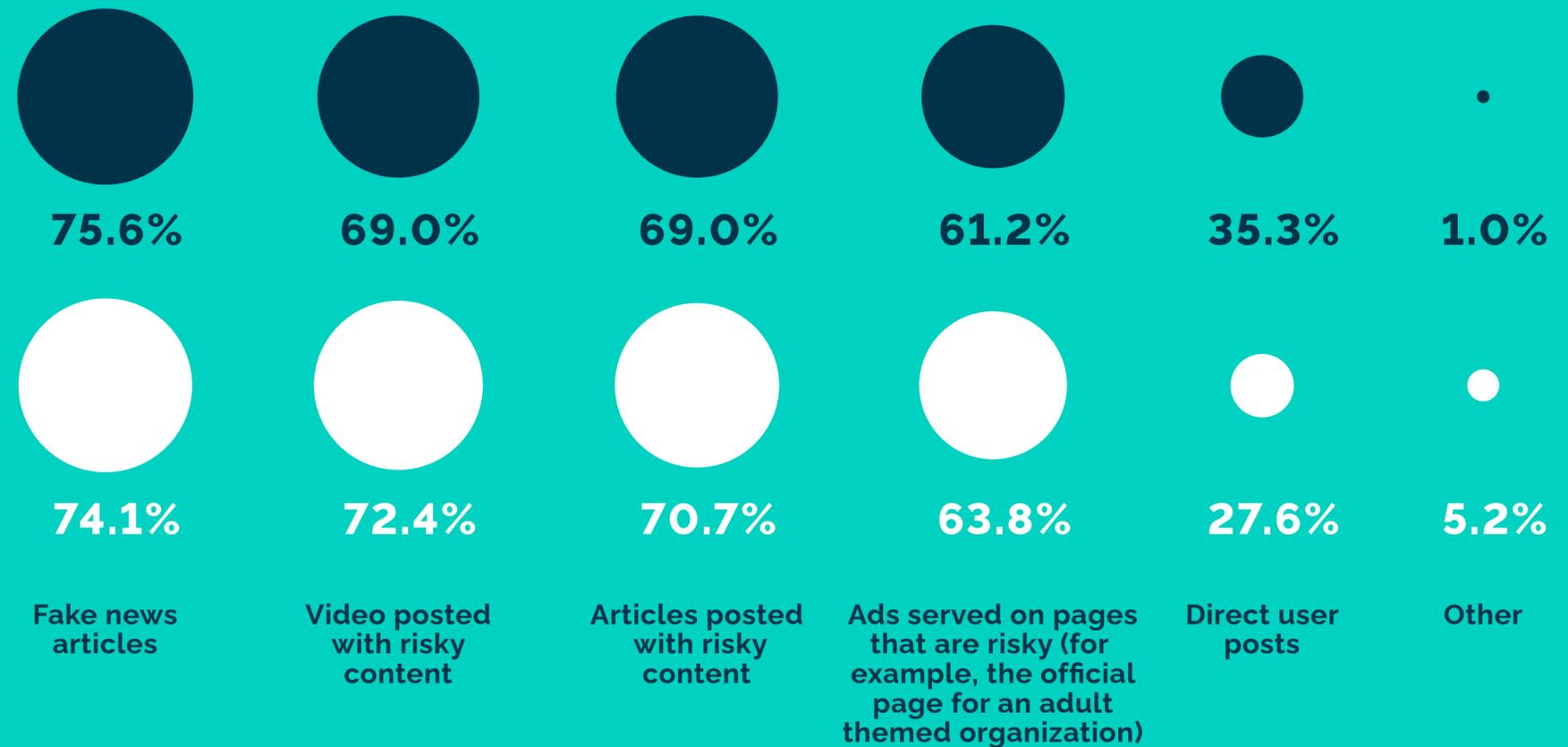


Thinking about 2018, please indicate how strongly you agree with the following statements about social media or walled garden platforms.

Video and fake news on social platforms are the biggest sources of this brand risk concern.

When asked about the biggest brand risk threats on social fake news, videos, and articles topped the list. Brands and agencies are aligned on the top sources of risk on social media platforms.

**Brand risk threats on social media
(% total respondents)**



● Brands ● Agencies



When thinking about brand risk within social media platforms for advertisers, what do you think are the biggest threats brands face? (Select all that apply).

TRANSACTIONING

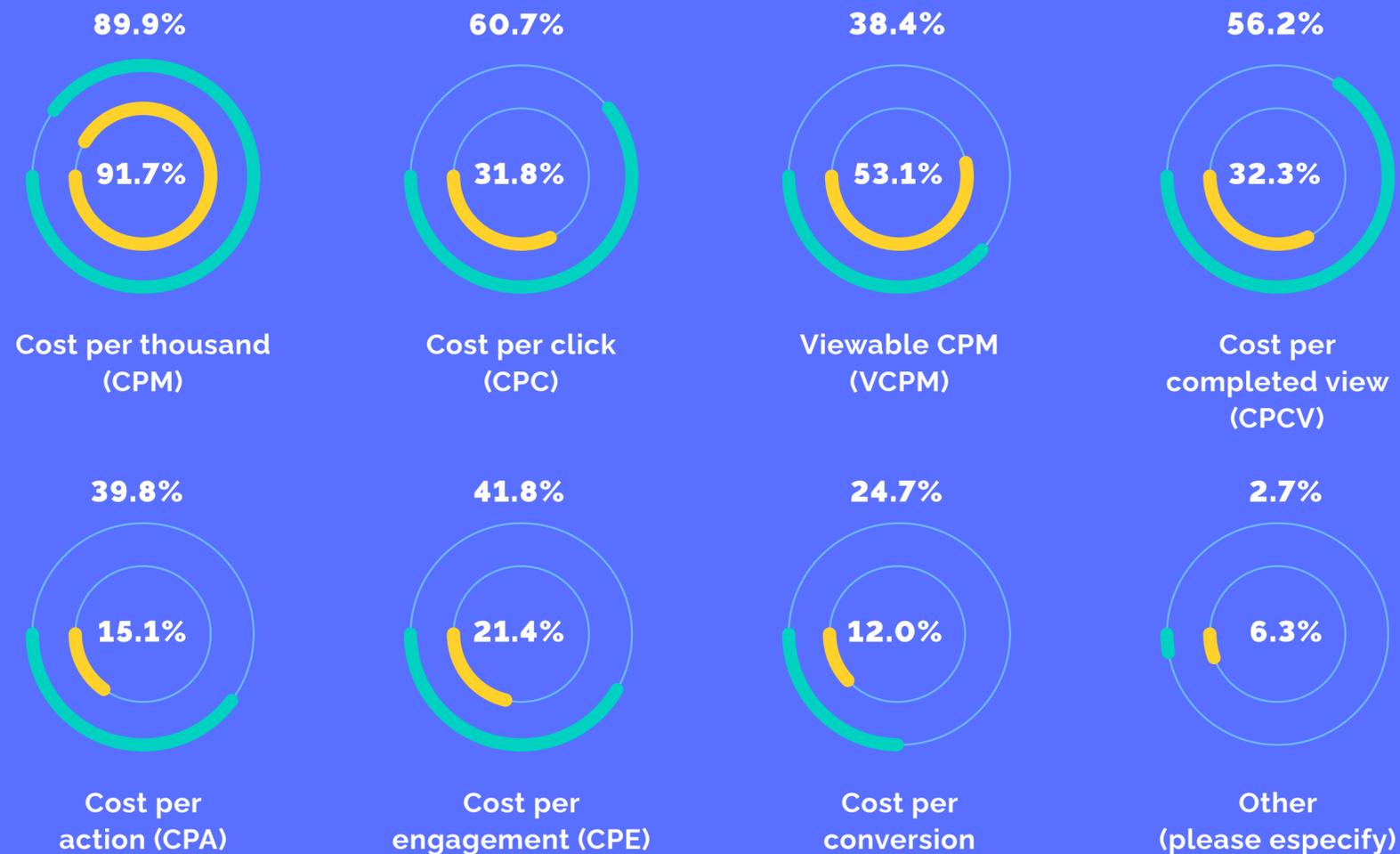
- Pricing 16
- Media Quality 17
- Viewability 18
- Viewability standards 19



So, with transparency primed to be primary, how are publishers, agencies, and brands pricing media?

Publishers say they are more likely to transact on a straight or viewable CPM model. But buy side professionals are more likely to indicate that they leverage performance-based pricing such as a cost-per-click or cost-per-action.

Media pricing models (% buy side vs. sell side)



● Brands & agencies ● Publishers

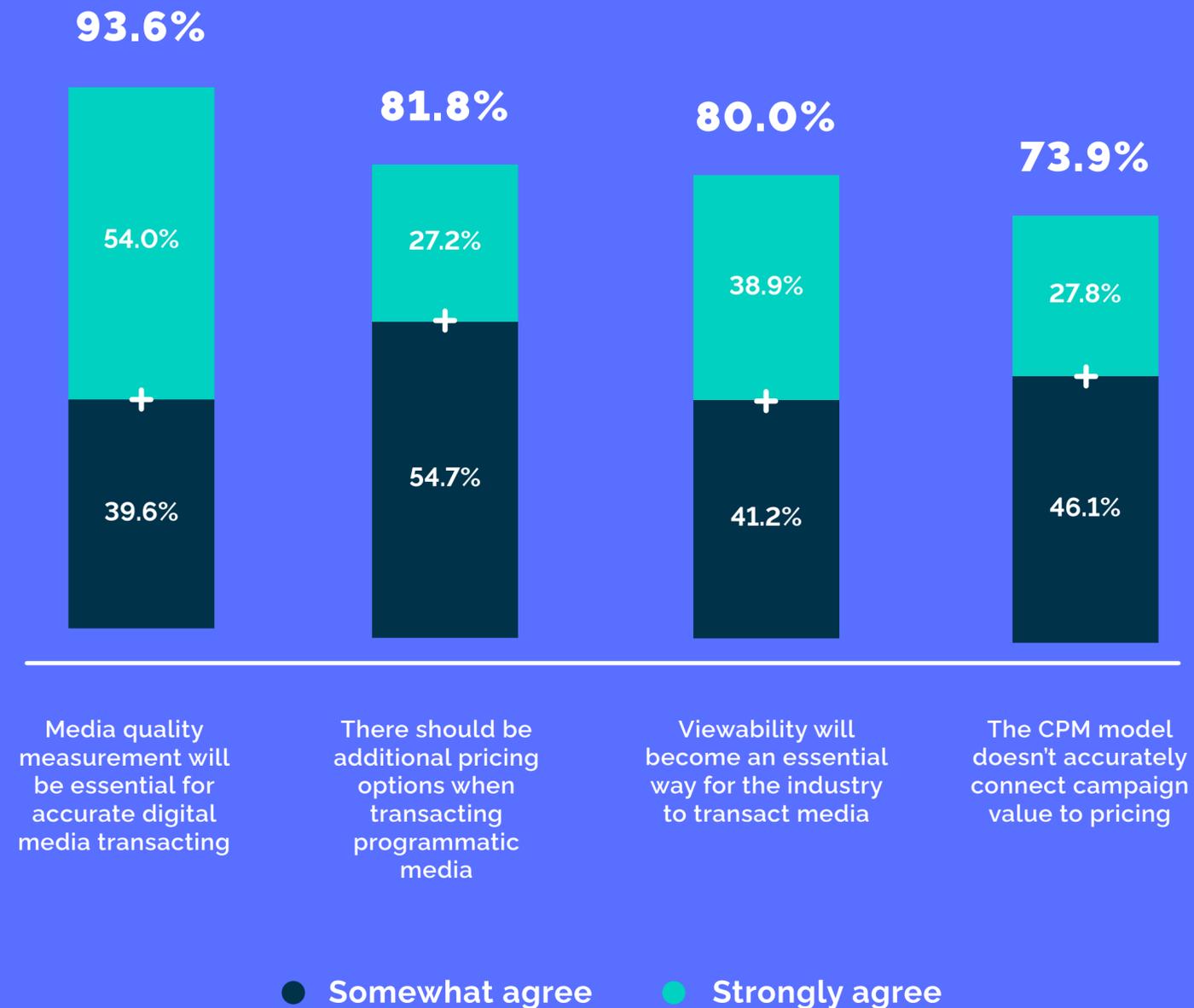


To the best of your knowledge in 2017, in which of the following pricing models did your company leverage to transact digital media? (Select all that apply).

Transacting will need to evolve to incorporate media quality metrics.

Over 9 in 10 industry professionals say that media quality measurement will be essential for accurate digital media transacting. Media quality metrics are positioned to become the currency of the digital marketplace.

Statements about media quality and transacting (% total respondents by agreement level)

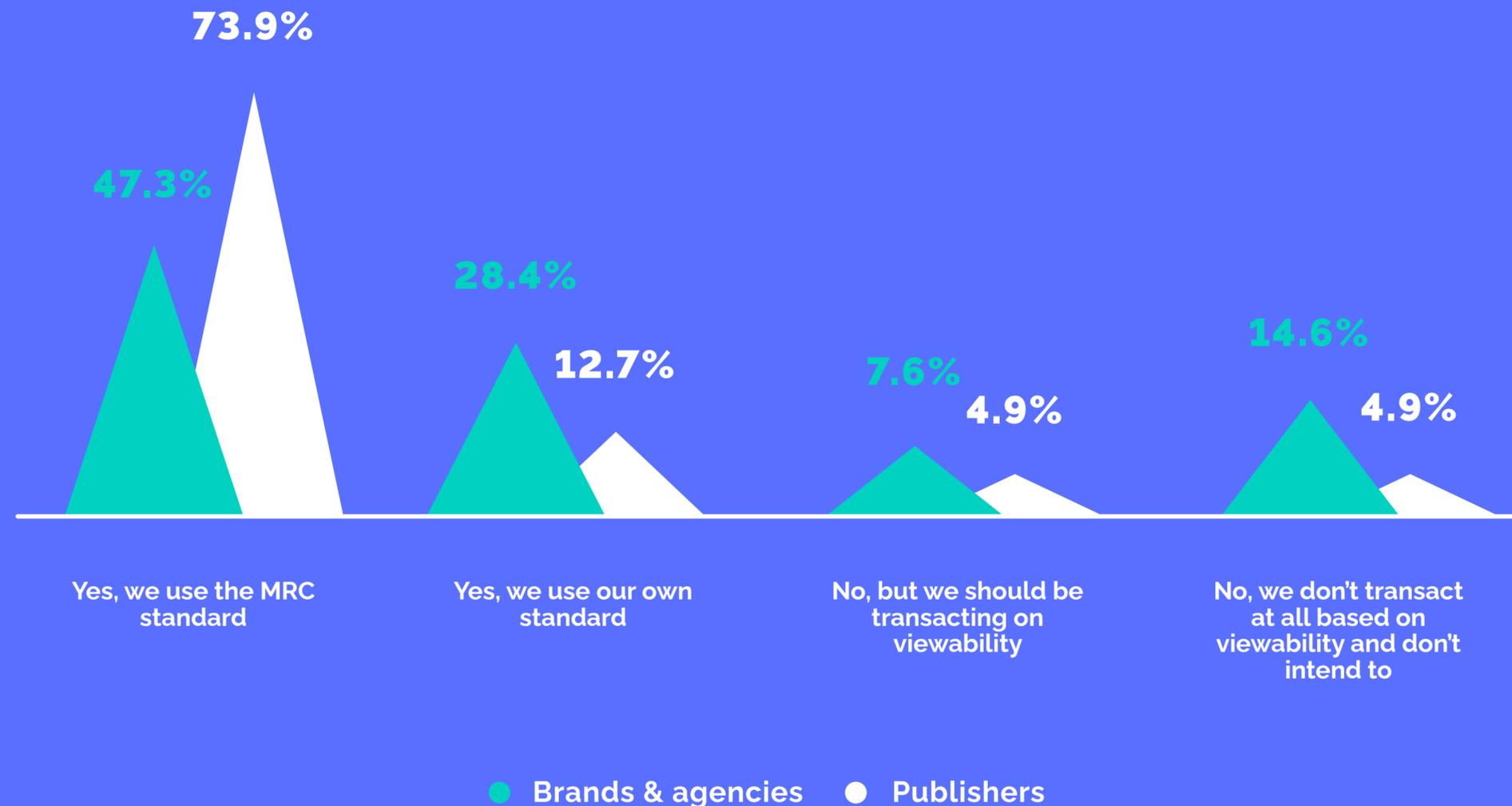


Thinking about 2018, please indicate how strongly you agree with the following statements.

Viewability standards are currency, but which standard should we use? Publishers favor the MRC but brands and agencies are embracing their own standards.

Publishers, brands, and agencies were asked if they leverage viewability standards in media transacting. Publishers are significantly more likely to use the MRC standards, whereas, brands and agencies are over twice as likely to use their own standard as currency.

**Statements about transacting on viewability
(% by brands & agencies vs. publishers)**

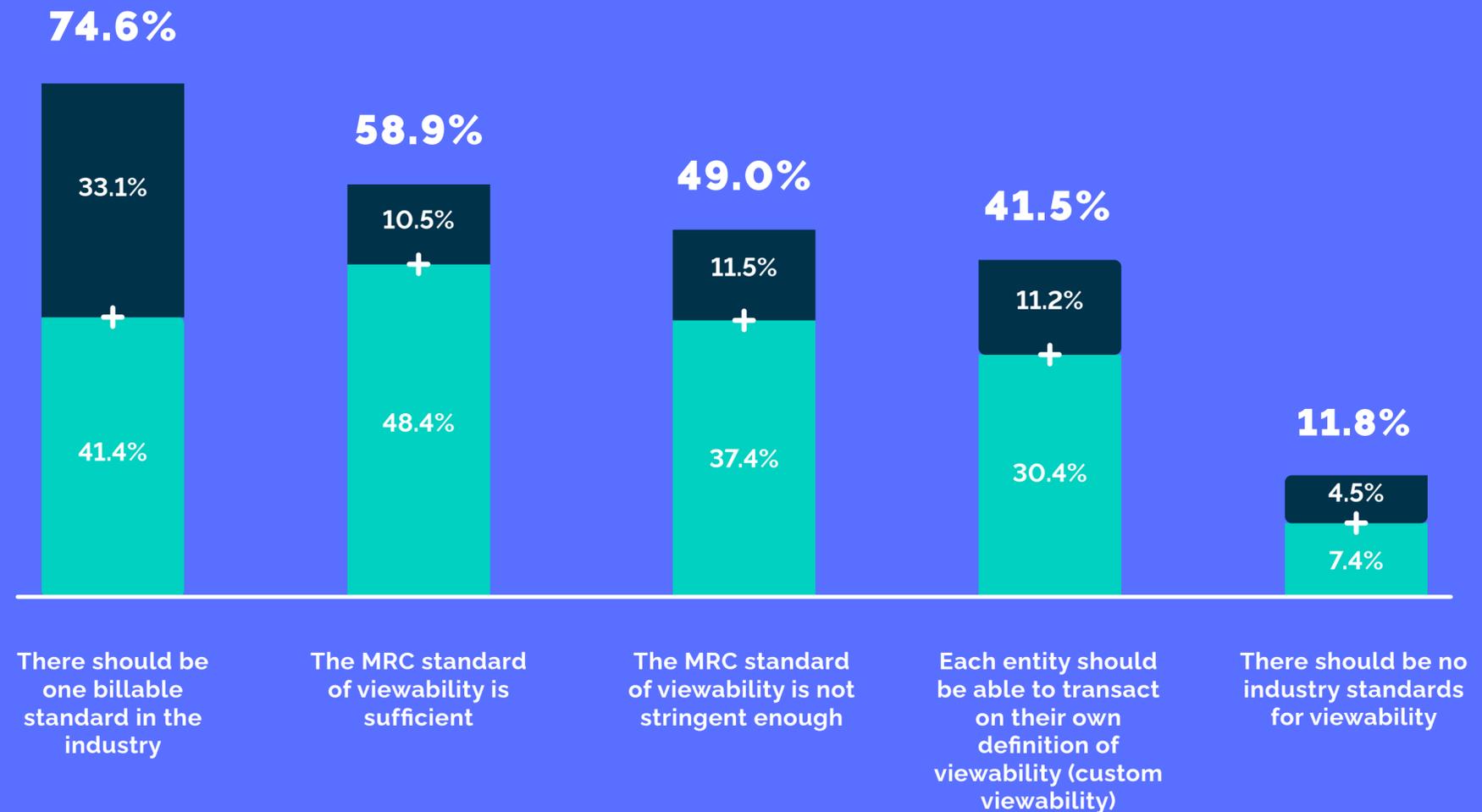


To the best of your knowledge, are you currently factoring viewability into the way you transact media?

The market disagrees on whether to use a single standard or to lean on customization.

Nearly 3 in 4 industry professionals want one billable standard. Over half believe the MRC standard is sufficient, but nearly half of respondents think it could go further.

**Statements about viewability standards
(% total respondents by agreement level)**



Please indicate how strongly you agree with the following statements about viewability standards:

● Somewhat agree ● Strongly agree

THE FUTURE

- Opportunities **21**
- Brand vs. agency opportunities **22**
- Innovations **23**
- Fake News **24**



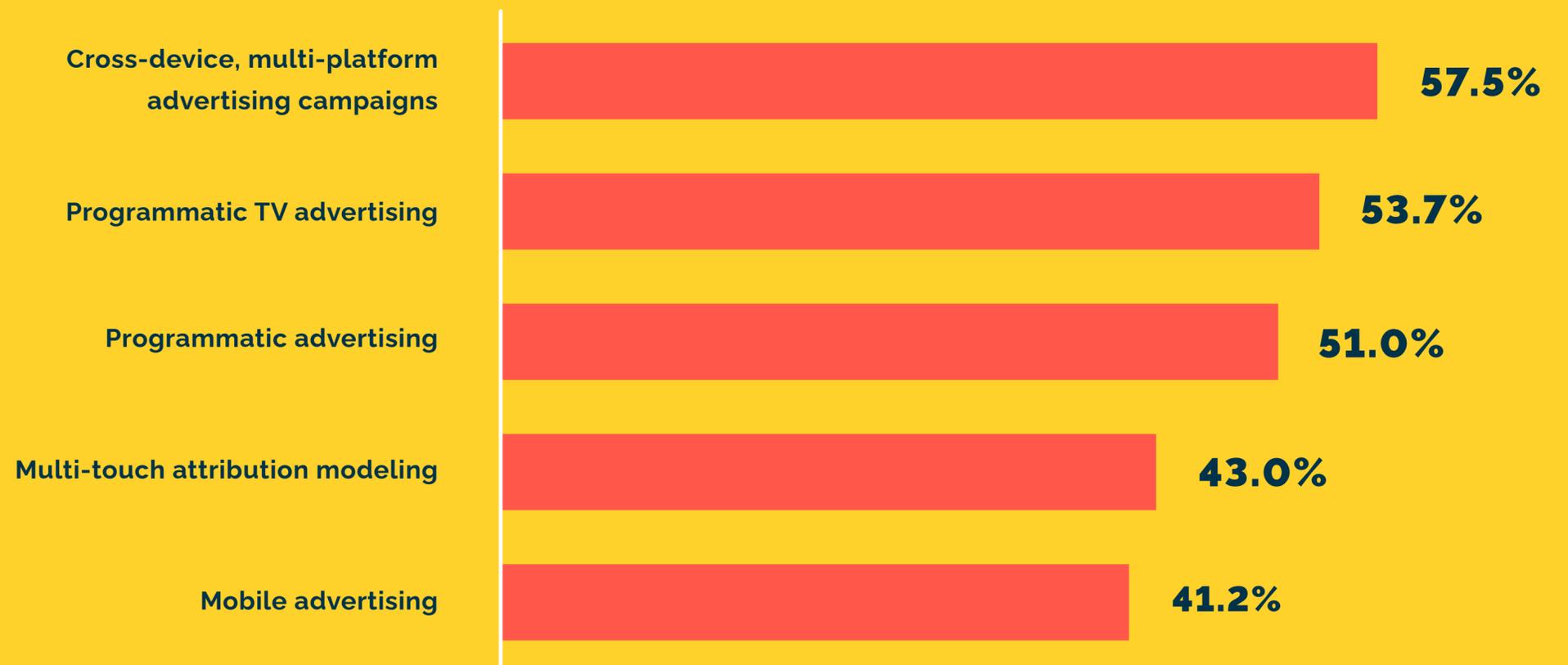
Looking ahead to 2018, the industry sees opportunity in cross-device and programmatic campaigns.

When asked about greater opportunities in 2018, the industry is putting its chips on cross-device and programmatic solutions. Over half of respondents see cross device campaigns, programmatic TV, and programmatic advertising as greater opportunities compared to 2017.



In your opinion, which of the following industry challenges do you see becoming an opportunity in 2018 compared to 2017?
(Please select all that apply).

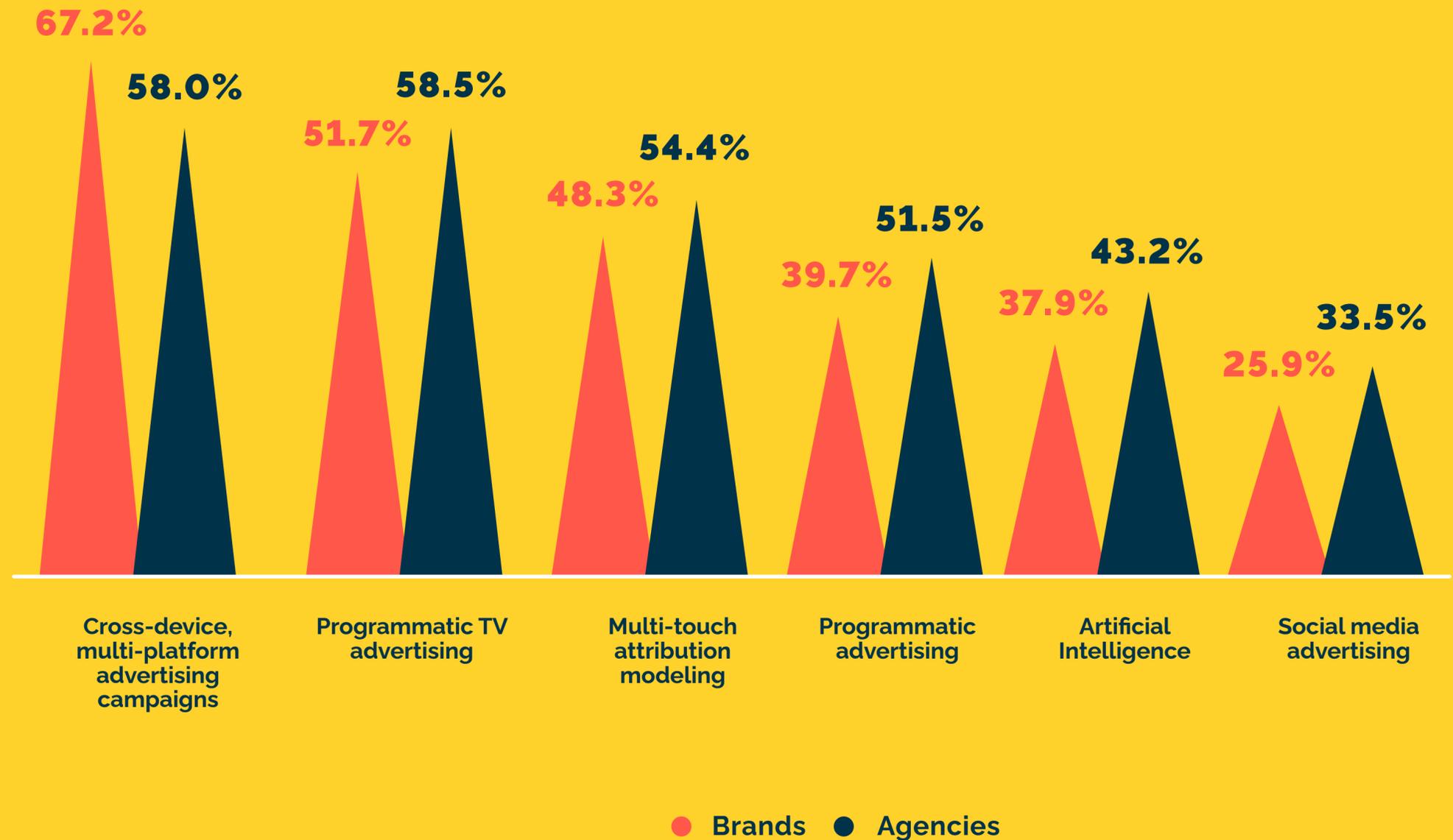
**Top industry opportunities in 2018
(% total respondents)**



Brands and agencies also differ on where they see 2018 opportunities.

Brands are 16% more likely than agencies to see greater opportunity in cross-device advertising. However, agencies are 13% more likely than brands to see 2018 as a year of programmatic TV opportunity.

Top industry opportunities in 2018
(% Brands vs. agencies)

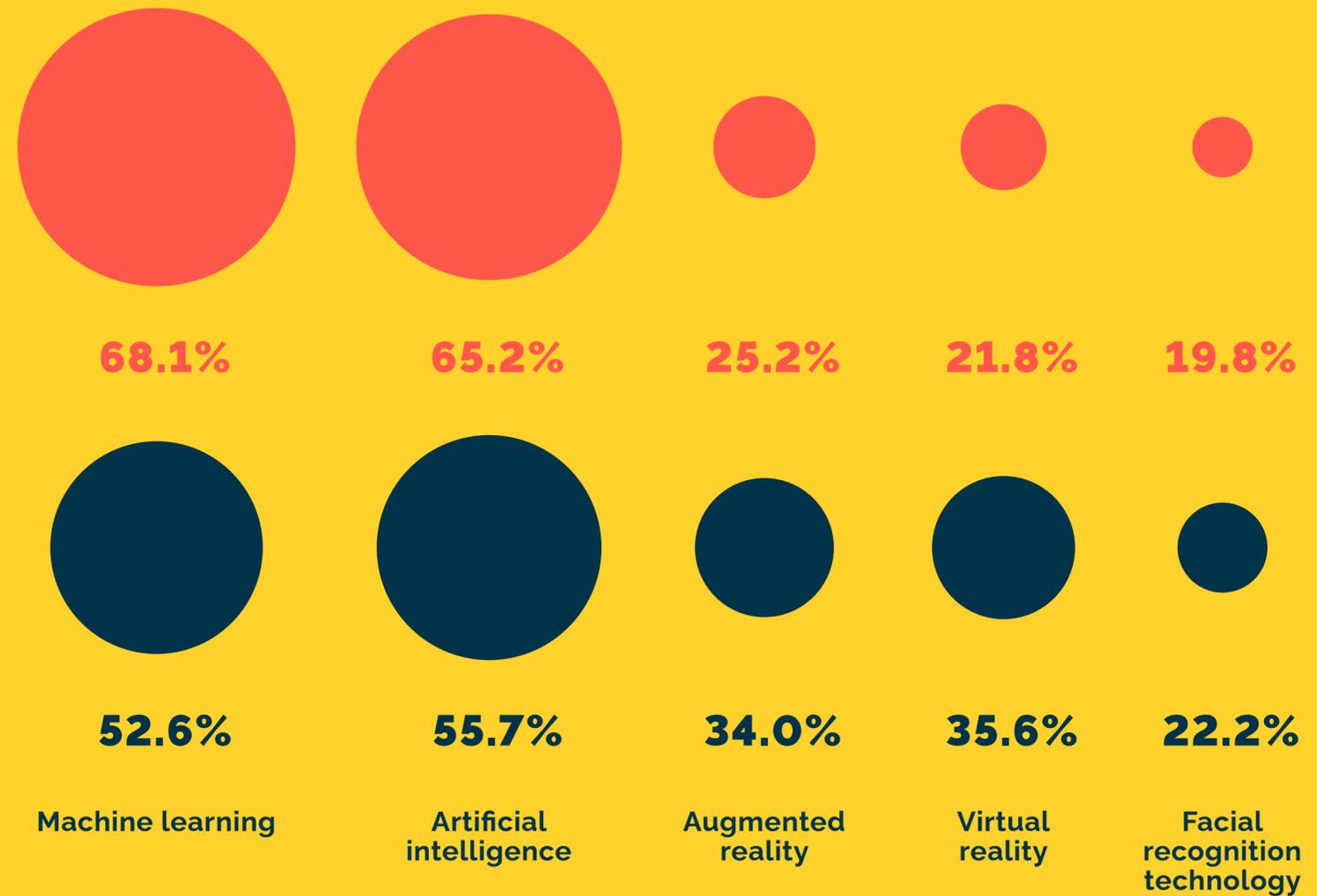


In your opinion, which of the following will offer A GREATER opportunity for advertisers in 2018 compared to 2017?
(Please select all that apply).

Which tech innovations will drive change in 2018?

The industry, especially brands and agencies, has its eye on technologies that can automate big data processes like machine learning and AI. Publishers are more likely to see impact on the industry from AR/VR solutions and facial recognition technology.

Innovations likely to impact the industry in 2018
(% by brands & agencies vs. publishers)



● Brands & agencies ● Publishers



Thinking about 2018, please rank the following innovations on likelihood to have a significant impact on digital advertising strategies. (Rank 1 as having the strongest impact and 5 having the lowest impact) (% reflect those ranked 1 or 2 top-2 box).

In conclusion, here's what we learned:

- 1** Brands and agencies differ on 2018's biggest challenges and this difference is likely to cause some friction on the buy-side.
- 2** Budget decision makers want more transparency, especially for social where video and fake news present new challenges.
- 3** The industry agrees that there should be a single standard to transact on, no one is aligned on what that standard should be.
- 4** In 2018 industry professionals see big opportunities in cross-device campaign distribution and programmatic solutions.
- 5** Innovations in advanced computing like AI and machine learning will be important factors in digital advertising in 2018.

About IAS

Integral Ad Science (IAS) is a global measurement and analytics company that builds verification, optimization, and analytics solutions to empower the advertising industry to invest with confidence and activate consumers everywhere, on every device.

We solve the most pressing problems for brands, agencies, publishers, and technology companies by verifying that every impression has the opportunity to be effective, optimizing towards opportunities to consistently improve results, and analyzing digital's impact on consumer actions. Built on data science and engineering, IAS is headquartered in New York with global operations in thirteen countries.

Our growth and innovation have been recognized in Inc. 5000, Crain's Fast 50, Forbes America's Most Promising Companies, and as an I-COM Smart Data Marketing Technology Company.

