Advertiser Perceptions™

What Advertisers Think™

The More You Know
The Stronger Your Brand
The More You'll Sell™

Advertiser Intelligence Reports™

IAB/PWC

October 9, 2013

Today's Discussion

What do advertisers think about their advertising spending?

Insights and Perceptions

- Advertiser Optimism by Medium
- Attitudes about:
    - Mobile
    - Digital Video
    - Native Advertising
    - Ad Tech

Methodology, Profile and Ad Categories

Method

- **All interviews conducted online**
- **Incentives include cash and information**

Sample: Marketer and Agency contacts from *The Advertiser Perceptions Media Decision Maker Database* and third-party databases as needed.

Qualification: 100% Involved in Media Brand Selection Decisions

Directional Data: Some findings in the presentation could reflect data with low bases.

Weighting: Data has been sample balanced and weighted to reflect relative agency/marketer influence.

Profile	Overall
Marketer	**40%**
Agency	**60%**
VP and Above	**36%**
Director/Supervisor	**36%**
Manager/Planner/Buyer	**28%**

KANTAR MEDIA

AIR Advertiser Optimism is Directionally Consistent with Kantar Media Actuals*

Represents Leading U.S. Advertisers by Ad Category and Media Type

- Alcoholic Beverages
- Apparel (Fashion)
- Automotive
- Beauty (Toiletries and Cosmetics)
- Consumer Electronics
- Consumer Packaged Goods (Cleaning, Food and Beverages)
- Entertainment (Movies, Music, TV and Books)
- Financial (Financial Services, Insurance, and Real Estate)
- Home (Shelter)
- Parenthood
- Pharmaceuticals
- Quick Service Restaurants
- Retail
- Technology (Computers, Hardware, Software, Services, Office Products)
- Telecommunications
- Travel (Transportation, Hotels and Resorts)

Trended Waves/Field Dates	Wave 14 Fall 2010	Wave 15 Spring 2011	Wave 16 Fall 2011	Wave 17 Spring 2012	Wave 18 Fall 2012	Wave 19 Spring 2013
Digital	1,029	1,026	1,173	1,172	1,111	1,397
Print	765	827	786	720	659	707
TV	664	709	667	664	696	692
Mobile	423	670	667	785	781	966

100% Coverage of the Ad Age
100 Leading Advertisers

Ad Age logo and cover art are the property of Advertising Age/Crain Communications   Kantar Media logo is property of Kantar Media a WPP Company | * AIR W17 vs . Kantar Actuals July - Sept 2012 vs. 2011

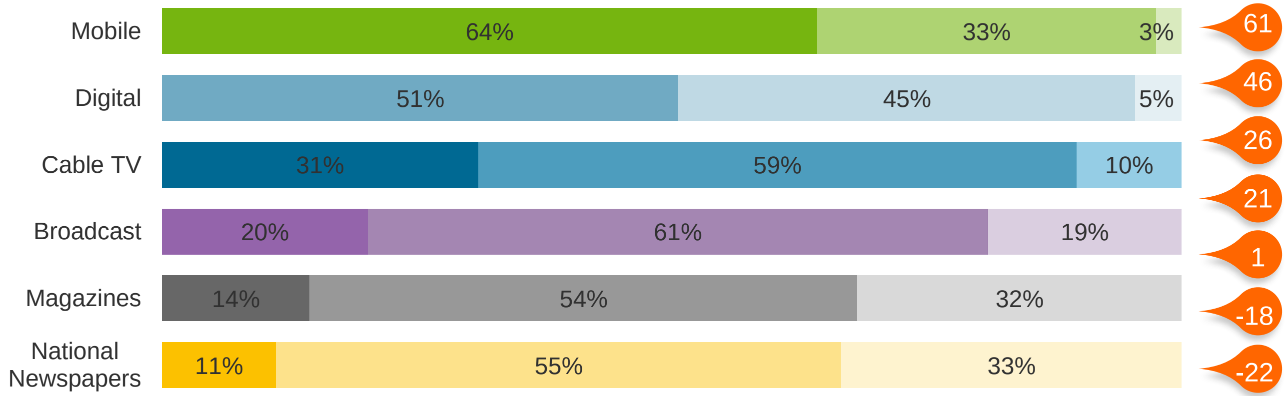
Advertiser Optimism by Medium

Mobile and Digital are the Most Optimistic | More Bullish on Cable compared to Broadcast | Print Continues Negative Spending Trend

Ad Spending, Next 12 Months Percent Saying Spending Will Increase, Stay the Same, Decrease

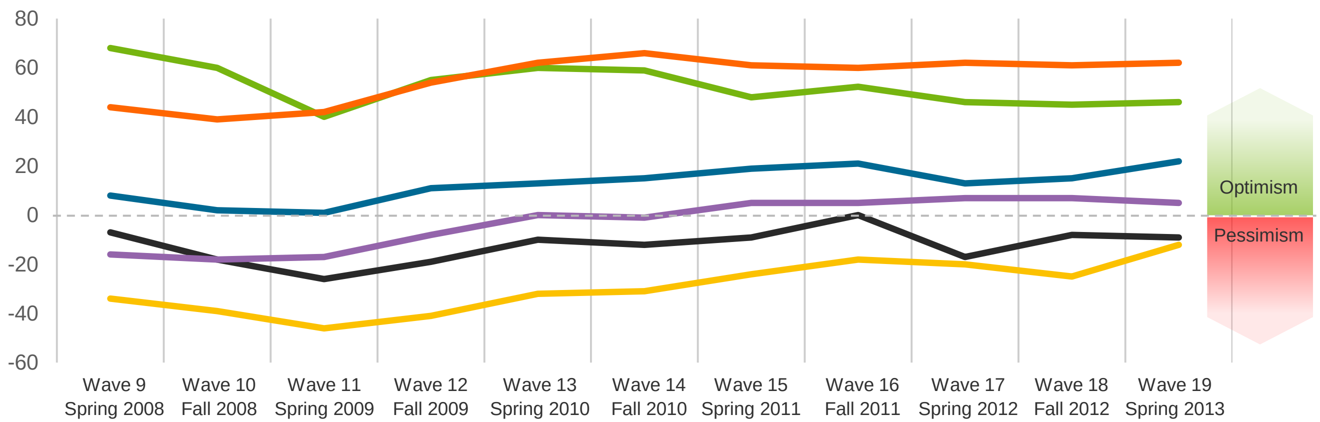
Increase Maintain Decrease

Net Optimism (Increase Minus Decrease)



Trends in Ad Spending, Next 12 Months Differences Between the Percent Increasing and Decreasing by Media

- Mobile
- Digital
- Cable
- Broadcast
- Magazines
- National Newspapers



Q1345: Imagine the amount of your company's/your client's total (segment) advertising budget as a whole is a pie, and each of these media types is a share of the pie. In the next twelve months, would you expect the share spent on each to increase, decrease or stay the same?

Base: All Respondents

Benchmarks represent differences between respondents increasing and decreasing ad spending in the next 12 months

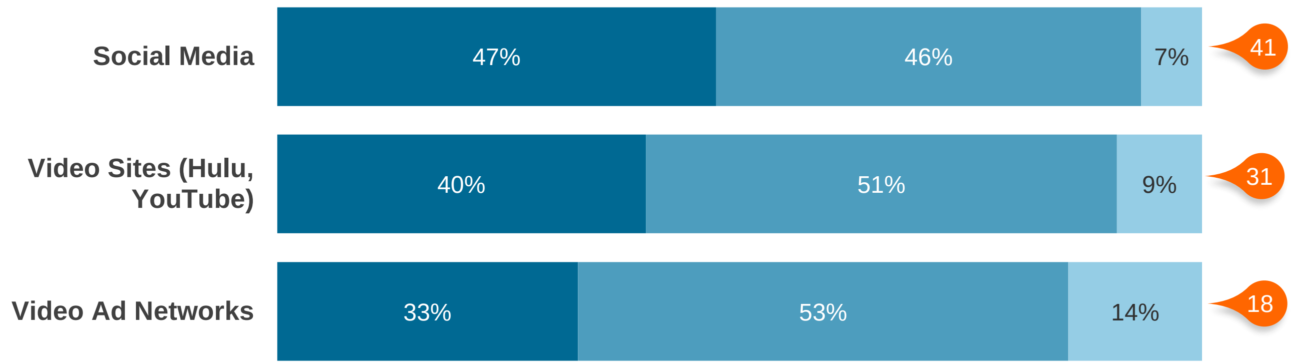
Advertiser Optimism by Digital Media Category

Social Media and Digital Video Continue Strong Growth

Trends in Ad Spending, Next 12 Months Percent Saying Spending Will Increase, Stay the Same, Decrease

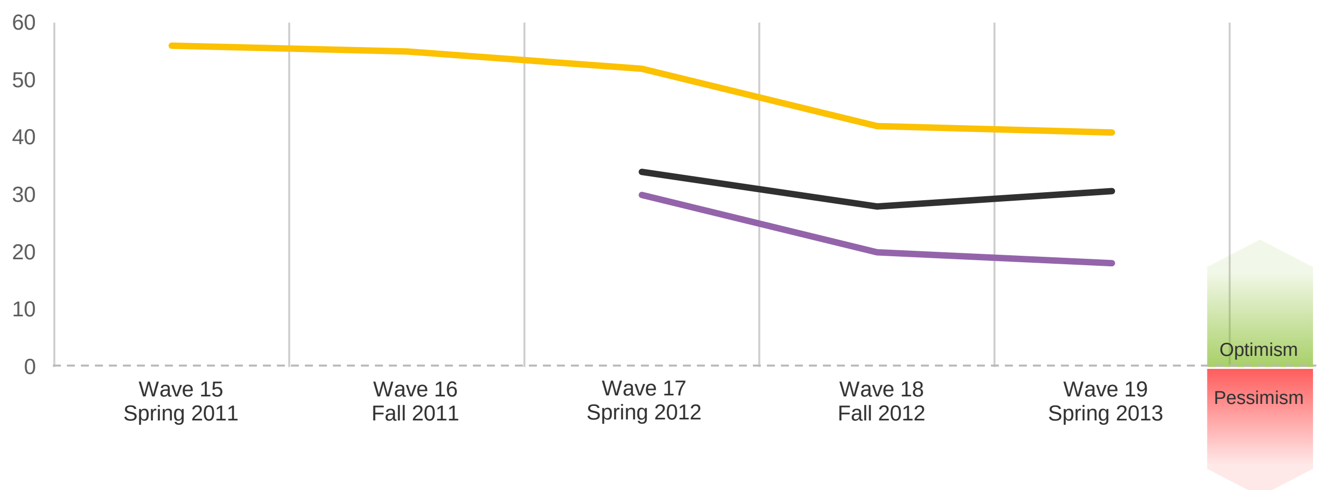
Increase Maintain Decrease

Net Optimism (Increase Minus Decrease)



Trends in Ad Spending, Next 12 Months Percent Saying Spending Will Increase, Stay the Same, Decrease

Social Media
Video Sites
Video Ad Networks

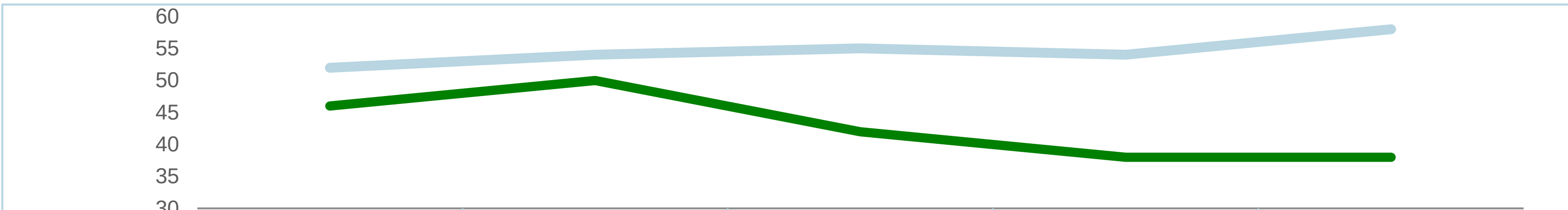


Q2357: In the next twelve months is your ad spending in each of the following online media categories likely to increase, stay the same, or decrease in comparison to the past 12 months?.
Base: All respondents by applicable media

Advertiser Optimism by Digital Media Category

Digital Video Growing Faster Compared to Display | Key Verticals Grow Faster

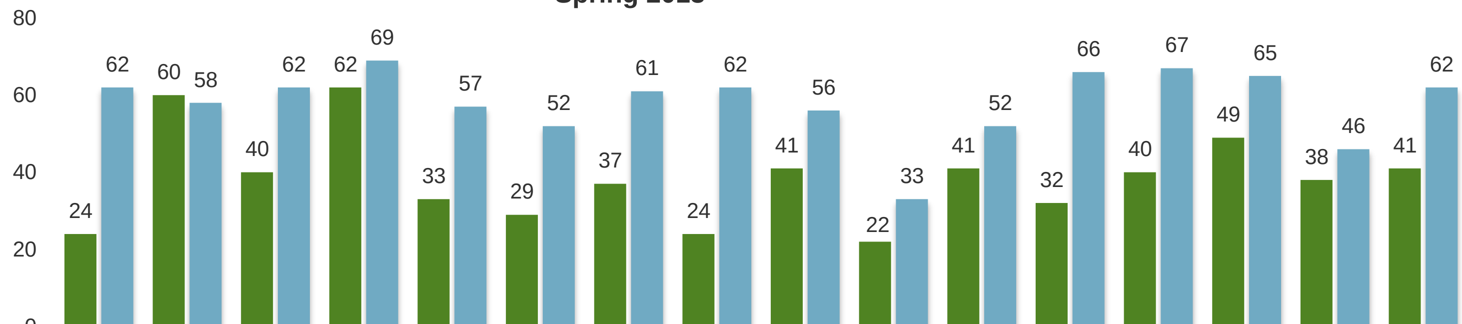
Ad Spending, Next 12 Months | Difference Between the Percent Increasing and Decreasing by Media



	Spring 2011	Fall 2011	Spring 2012	Fall 2012	Spring 2013
Display	46	50	42	38	38
Video	52	54	55	54	58

Trends in Ad Spending, Next 12 Months Differences Between the Percent Increasing and Decreasing by Media

Spring 2013



	Alcoholic Beverage	Apparel/ Fashion	Auto	Baby/ Parenthood	Beauty/ Toiletries	Consumer Electronics	CPG	Entertain ment	Financial	Home and Appliances	Pharmaceu ticals & Remedies	Quick Serve Restaurant (QSR)	Retail	Technology	Telecommu nications	Travel
Digital Display	24	60	40	62	33	29	37	24	41	22	41	32	40	49	38	41
Digital Video	62	58	62	69	57	52	61	62	56	33	52	66	67	65	46	62

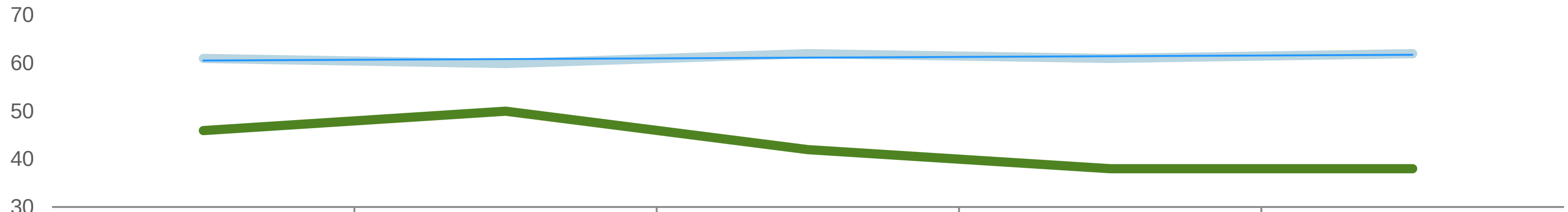
Q2357: In the next twelve months is your ad spending in each of the following online media categories likely to increase, stay the same, or decrease in comparison to the past 12 months?. Digital video first tracked in Spring 2011

Base: All respondents by applicable media

Advertiser Optimism Digital Display Versus Mobile

Mobile Growing Faster Compared to Desktop/Notebook | Key Verticals Grow Faster

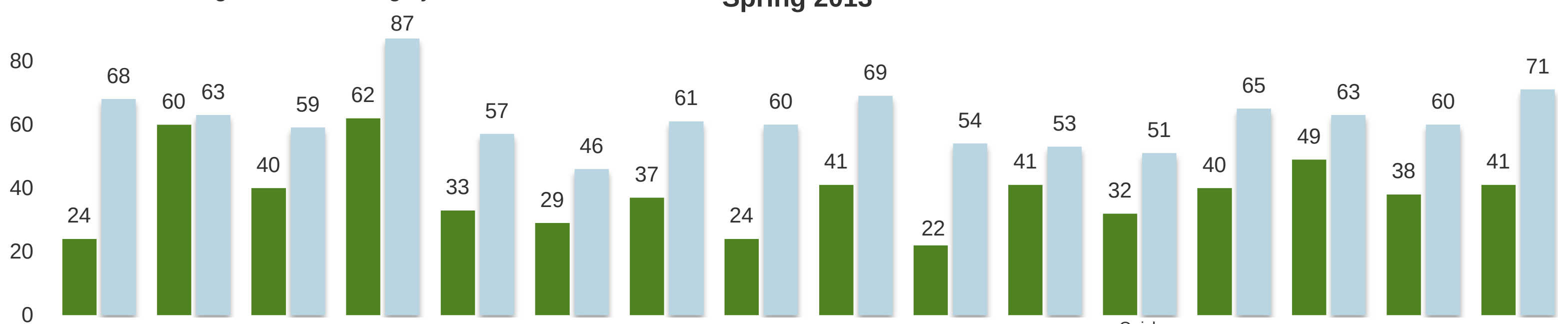
Ad Spending, Next 12 Months | Difference Between the Percent Increasing and Decreasing by Media



	Spring 2011	Fall 2011	Spring 2012	Fall 2012	Spring 2013
Mobile	61	60	62	61	62
Display	46	50	42	38	38

Trends in Ad Spending, Next 12 Months Differences Between the Percent Increasing and Decreasing by Media

Spring 2013



	Alcoholic Beverage	Apparel/ Fashion	Auto	Baby/ Parenthood	Beauty/ Toiletries	Consumer Electronics	CPG	Entertain ment	Financial	Home and Appliances	Pharmaceu ticals & Remedies	Quick Serve Restaurant (QSR)	Retail	Technology	Telecommu nications	Travel
Digital Display	24	60	40	62	33	29	37	24	41	22	41	32	40	49	38	41
Mobile	68	63	59	87	57	46	61	60	69	54	53	51	65	63	60	71

Q2357: In the next twelve months is your ad spending in each of the following online media categories likely to increase, stay the same, or decrease in comparison to the past 12 months?.
Base: All respondents by applicable media

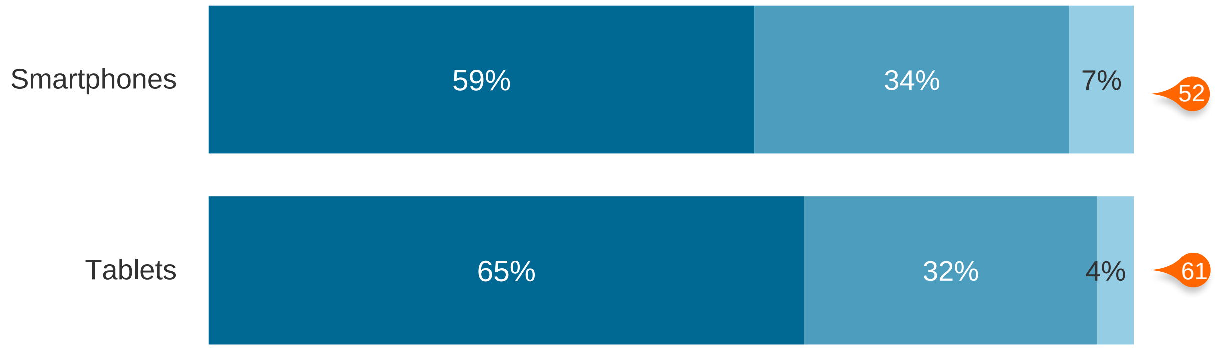
Advertiser Optimism by Mobile Device

Tablet Optimism Higher Overall | Smartphones Take More than Half of Mobile Budget Now | Tablet Share to Rise

Mobile Ad Spending, Next 12 Months
Percent Saying Spending Will Increase, Stay the Same, Decrease

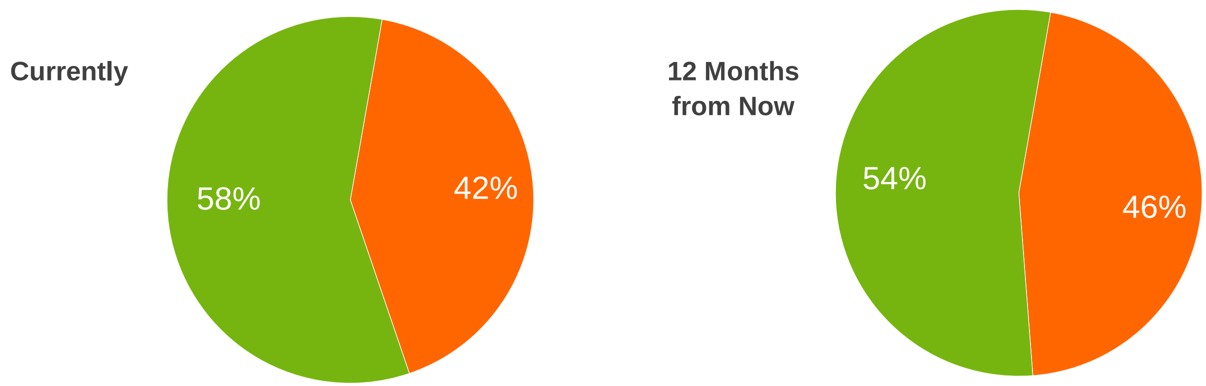
Increase Maintain Decrease

Net Optimism (Increase Minus Decrease)



Average Mobile Ad Spending
Past/Next 12 Months

- Smartphones
- Tablet



Q6: In the next 12 months, would you expect the amount of your company's/your clients' [SEGMENT] spending on the following types of Personal Mobile Device (PMD) advertising to increase, stay the same or decrease?

Q5: Imagine that the Personal Mobile Device (PMD) advertising budget for [your company's/your client's] biggest or most important [SEGMENT] product or service is a pie and each of these types of PMD advertising is a slice. What share of spending is currently (Spring, 2013) allocated to each slice? What share would you say will be allocated 12 months from now (Spring, 2014)?

Base: All respondents involved in smartphones and/or tablets

Mobile Advertising Formats …

Banner and Display Most Common | Smartphones: Video and in-App Most Important Today, Swipeable and Location Most Important in a Year | Tablets: Video Most Important Today and in a Year, with Strong Growth in Swipeable and Location-Based

Smartphones

Advertising Formats	Currently Use	Most Important Today	Most Important a Year From Now
Banner	73%	28%	16%
Display	74%	31%	21%
Video	57%	34%	36%
In-App	53%	34%	32%
Swipeable/Interactive	40%	28%	43%
Location Based	55%	38%	45%

Tablets

Advertising Formats	Currently Use	Most Important Today	Most Important a Year From Now
Banner	70%	30%	17%
Display	69%	40%	22%
Video	56%	44%	42%
In-App	51%	28%	33%
Swipeable/Interactive	40%	29%	41%
Location Based	40%	27%	37%

Q19a/b/c: Thinking about **smartphones**, which ad formats do you currently use/are most important today/will be most important a year from now?
Q20a/b/c: Thinking about **tablets**, which ad formats do you currently use/are most important today/will be most important a year from now?
Base: All respondents involved in smartphones and/or tablets

Why Do Advertisers Care about Mobile Advertising

Rated Very Important (5 on a 5-Point Scale)

Smartphones:

1. Drive traffic to a retail location or website
2. Connect with customers on all platforms
3. **An Excellent Direct Response advertising channel**

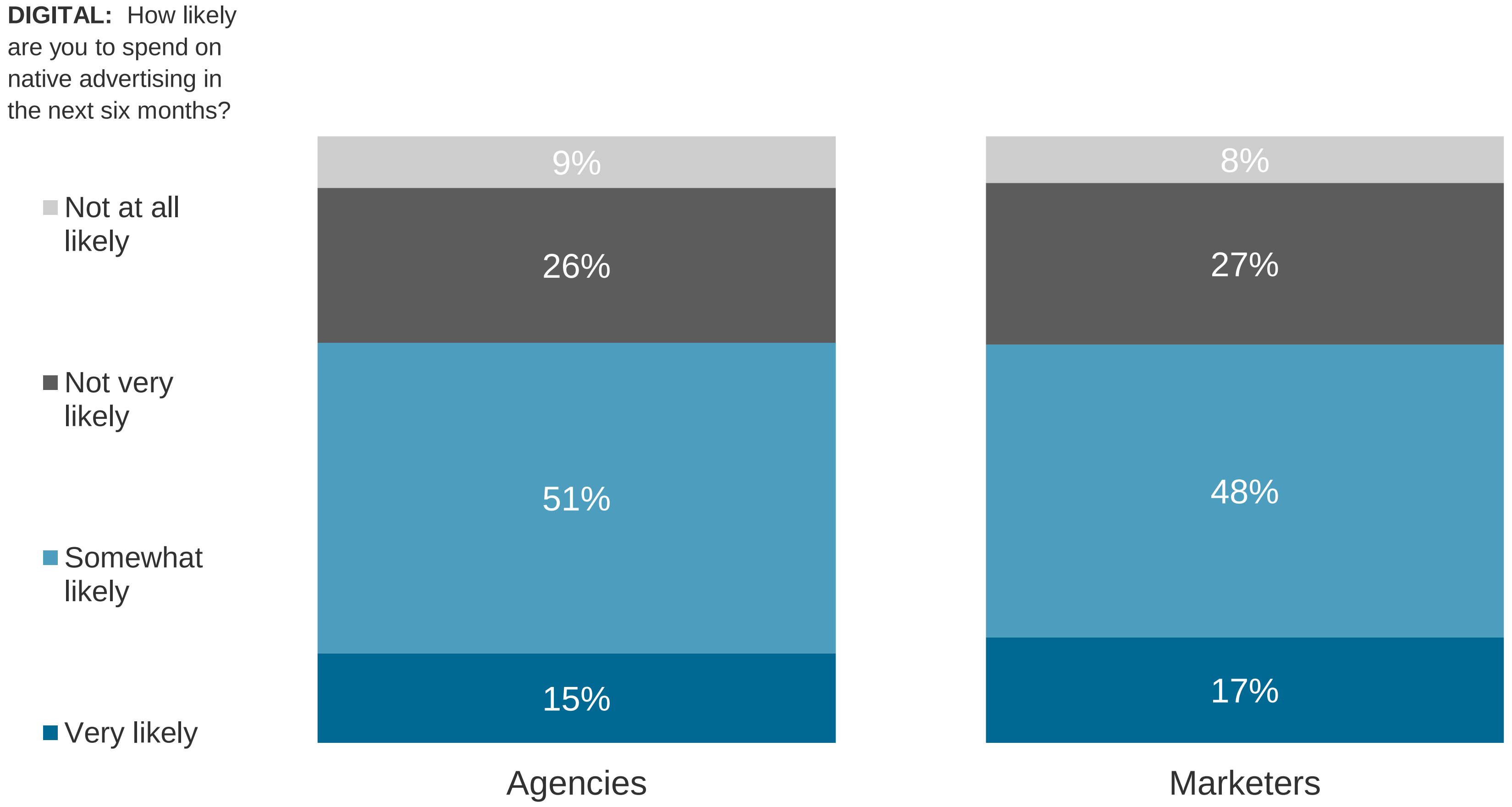
Tablets:

1. Drive engagement with my customers
2. Connect with customers on all platforms
3. Build awareness for new brands, services, or promotions/events
4. **A Must for Brand Advertisers**

Q10: Please rate the importance of each of the following reasons to advertise using PMD.
Base: All respondents involved in smartphones

Digital Buzz: Native Advertising

Agencies and Marketers Are on the Fence About Native Advertising



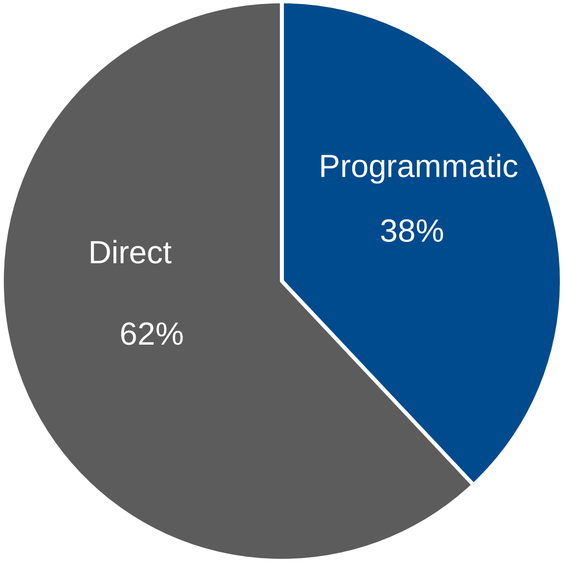
Base: Appropriate media respondents.

Digital Buzz: Programmatic

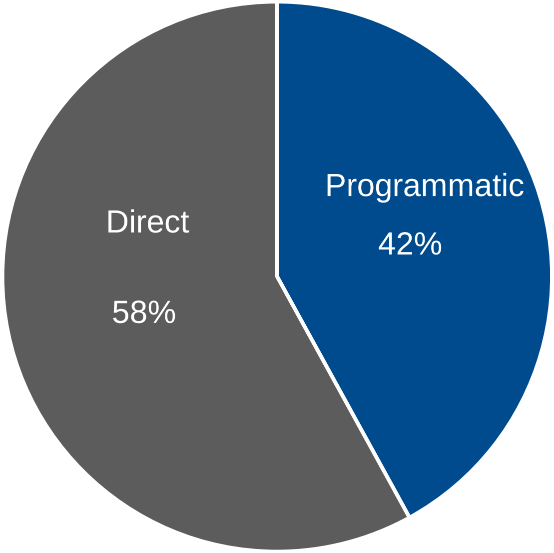
Four in Ten Digital Ad Budgets will be Spent on Programmatic | Marketers Are Slightly More Bullish on Programmatic

DIGITAL: Thinking about your digital advertising budget in the coming twelve months, what share will be spent on programmatic buying and what share will be spent on direct buying?

Agency



Marketer



Base: Appropriate media respondents.

Ad Technology:

Data and Efficiency Drive Increased Usage | Data is the Key Driver | Lack of Transparency a Larger Barrier to Greater Spending

"The total combination for technology solutions that allow our companies to sell, deliver and bill for advertising."

—Large Agency Digital Head

Data is the most essential part of delivering advertising results

I only work with partners that have understandable established business models

There is not enough transparency in ad technology

Base: Appropriate media respondents.

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