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.

<table>
<thead>
<tr>
<th>Profile</th>
<th>Overall</th>
</tr>
</thead>
<tbody>
<tr>
<td>Marketer</td>
<td>40%</td>
</tr>
<tr>
<td>Agency</td>
<td>60%</td>
</tr>
<tr>
<td>VP and Above</td>
<td>36%</td>
</tr>
<tr>
<td>Director/Supervisor</td>
<td>36%</td>
</tr>
<tr>
<td>Manager/Planner/Buyer</td>
<td>28%</td>
</tr>
</tbody>
</table>

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)

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

100% Coverage of the Ad Age 100 Leading Advertisers
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

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

<table>
<thead>
<tr>
<th>Category</th>
<th>Increase</th>
<th>Maintain</th>
<th>Decrease</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social Media</td>
<td>47%</td>
<td>46%</td>
<td>7%</td>
</tr>
<tr>
<td>Video Sites (Hulu, YouTube)</td>
<td>40%</td>
<td>51%</td>
<td>9%</td>
</tr>
<tr>
<td>Video Ad Networks</td>
<td>33%</td>
<td>53%</td>
<td>14%</td>
</tr>
</tbody>
</table>

#### Net Optimism (Increase Minus Decrease)

- **Social Media**: 41
- **Video Sites**: 31
- **Video Ad Networks**: 18

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**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
Adventurer Optimism by Digital Media Category

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

**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
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

<table>
<thead>
<tr>
<th></th>
<th>Tablets</th>
<th>Smartphones</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase</td>
<td>65%</td>
<td>59%</td>
</tr>
<tr>
<td>Maintain</td>
<td>32%</td>
<td>34%</td>
</tr>
<tr>
<td>Decrease</td>
<td>4%</td>
<td>7%</td>
</tr>
</tbody>
</table>

**Net Optimism (Increase Minus Decrease)**

- Tablets: 61
- Smartphones: 52

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**Average Mobile Ad Spending**
Past/Next 12 Months

<table>
<thead>
<tr>
<th></th>
<th>Currently</th>
<th>12 Months from Now</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tablets</td>
<td>46%</td>
<td>54%</td>
</tr>
<tr>
<td>Smartphones</td>
<td>58%</td>
<td>42%</td>
</tr>
</tbody>
</table>

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**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)?

**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?

**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

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

### Smartphones

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

### Tablets

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

**DIGITAL:** How likely are you to spend on native advertising in the next six months?

- **Not at all likely:** 9%
- **Not very likely:** 26%
- **Somewhat likely:** 51%
- **Very likely:** 15%

**Agencies**

- **Not at all likely:** 8%
- **Not very likely:** 48%
- **Somewhat likely:** 17%

**Marketers**

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**
- Direct: 62%
- Programmatic: 38%

**Marketer**
- Direct: 58%
- Programmatic: 42%

*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

Base: Appropriate media respondents.

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
What Advertisers Think™

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

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