



Q2 2015 Agency Insight Survey

Social Media Spend Grabs Larger Share Of Advertising Budget

Strata's media buying software handles \$50 billion in advertising annually, approximately 25% of US advertising spending. We surveyed our media buying clients to get an idea of trends and challenges they may be facing. This sample is from agencies of varying sizes across the country.

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Survey: Social Media Spend Grabs Larger Share Of Advertising Budget

Agencies Now See Media Mix as Greatest Challenge

Chicago (August 26, 2015) – Social media advertising is garnering a larger share of advertising budgets, according to a recent second quarter agency survey conducted by STRATA, the leader in media buying and selling software with over \$50 billion in ad transactions passing through its systems each year. The survey found that 20% of agencies report they are likely to allocate between 11-25% of their ad budgets to paid social media, representing a 24% increase from the previous quarter. An additional 24% of agencies are allocating 6-10% to paid social. Facebook continues to lead in agency advertising as 93% plan on using it in their campaigns, followed by YouTube (57%), Twitter (52%), and LinkedIn (29%).

The rise in social media ad spend and newer advertising mediums has created a more complicated media planning picture for agencies. Media mix surpassed client attraction and comes in overwhelmingly as the biggest challenge facing 40% of agencies, marking an 85% increase from the same time last year. Following media mix was client attraction (24% of agencies) and client spending (11%). Similarly, 22% of agencies expect their clients to make minor budget cuts from last year.

“There’s an undeniable correlation between the rise in social media advertising with mobile device behavior,” said Joy Baer, President of STRATA. “Agencies and advertisers are going to follow their audience. Mobile users are checking Facebook and Twitter throughout



the day. So when you consider that around 60% of digital media time spent in the US is on smartphones and tablets, then it makes perfect sense to reach the audience in the apps that they're already accessing."

A key technology many advertisers are increasingly turning to is programmatic buying, which has been steadily gaining the confidence of agencies. While 46% of agencies report they are still unsure if they trust programmatic to execute their ad buys, 20% do trust programmatic, a 49% increase from last quarter, while only 11% say they do not trust it, a drop of 32%. Compared to a year ago, 244% more say they are using programmatic to carry out between 20-40% of their business (17% of agencies overall). Thirty-nine percent use programmatic for 10-20% of their ad buys, an 18% increase from a year ago. The biggest remaining concern regarding programmatic, however, is transparency into inventory sources (54% of agencies) followed by quality of inventory (50%).

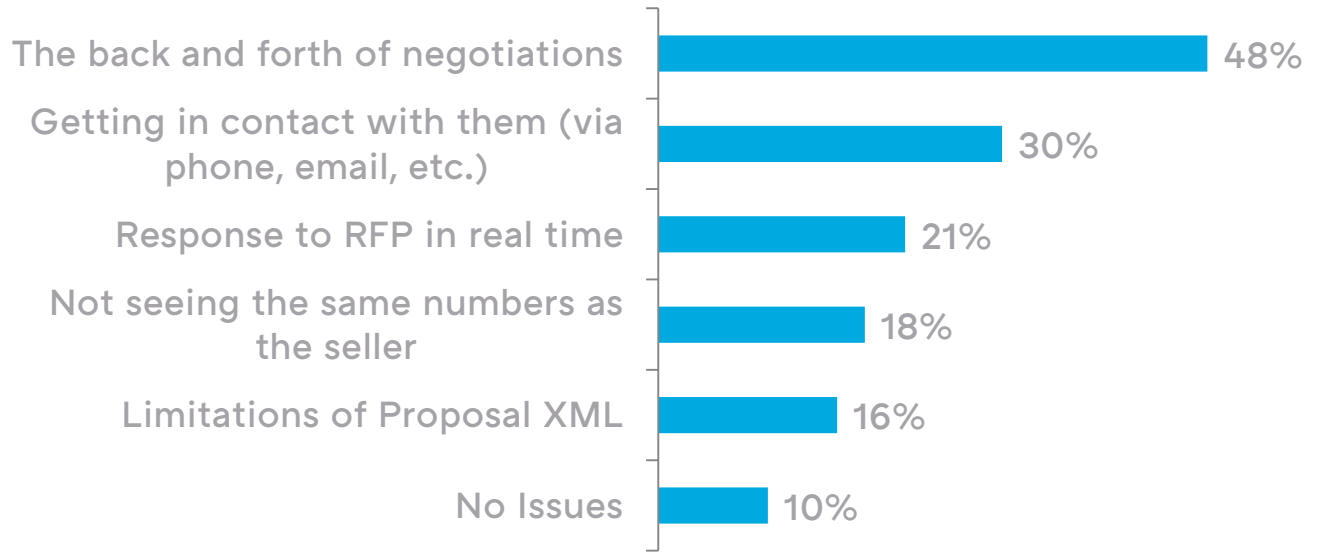
Other findings include:

- 22% are more interested in spot cable than they were a year ago (up 55% from last quarter), while
- 22% are less interested (down 13% from last quarter). 20% are more interested in advertising on spot TV than they were last year.
- 66% are more interested in advertising on streaming/online video than they were last year (up 45% from a year ago).
- 39% expect their growth in the second half of the year to be better than the first. 52% say they expect their future growth to be the same as it was in the first half of the year.

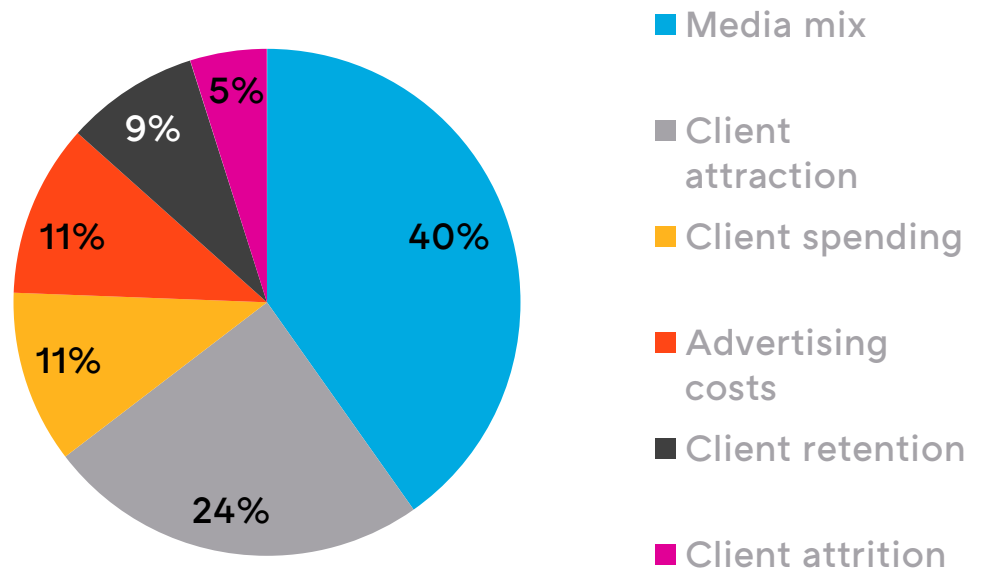


Survey Results

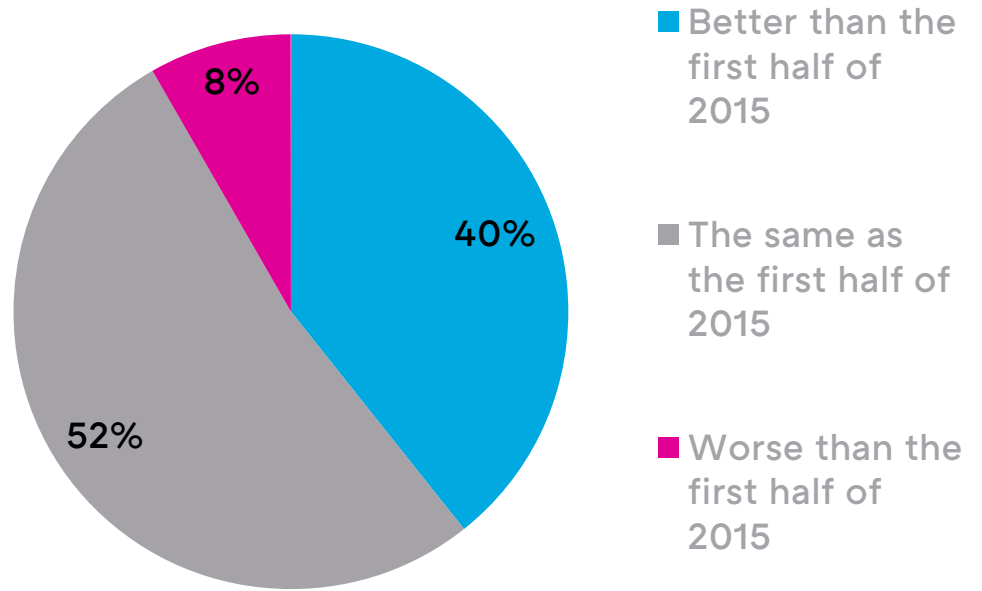
What is the most laborious part of working with media sales representatives? (choose all that apply)



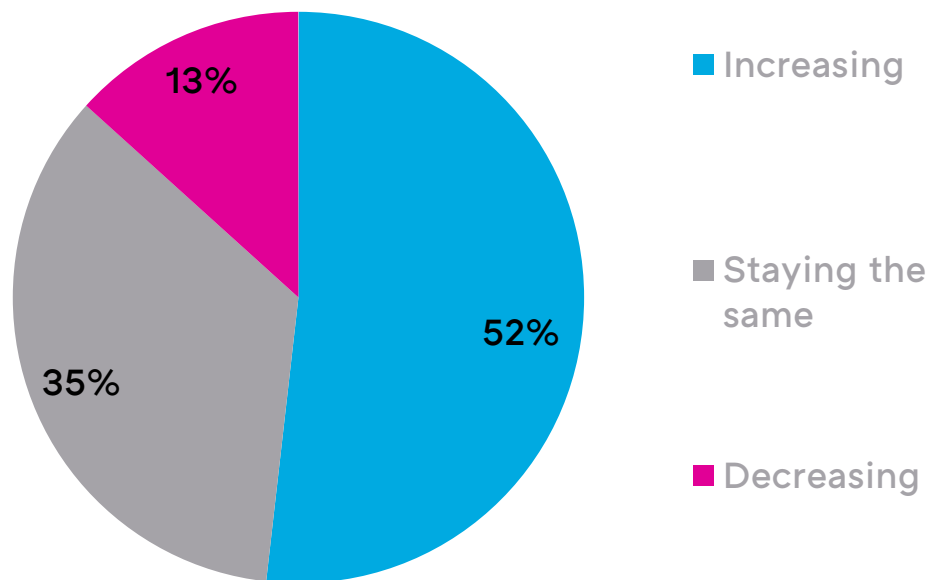
What is your biggest challenge this year?



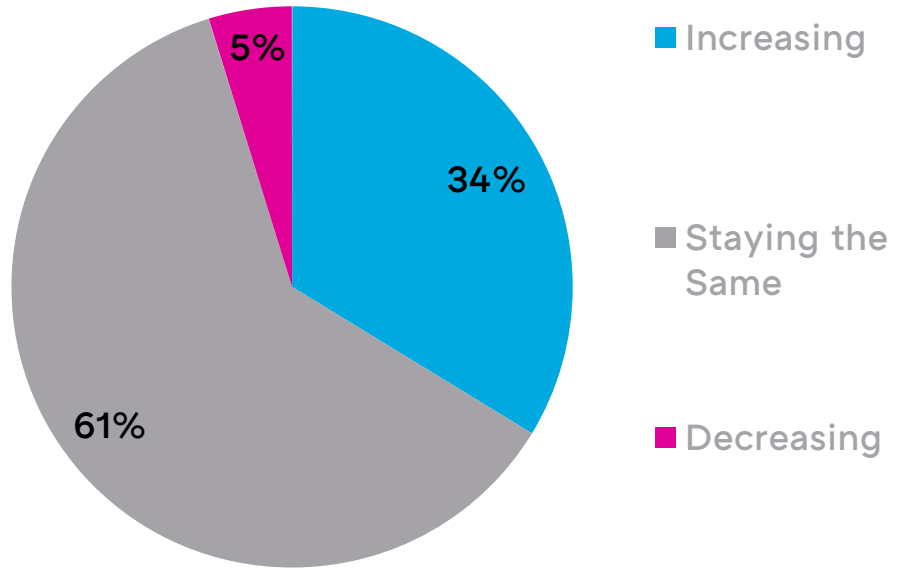
What do you project your growth to be in the second half of 2015?



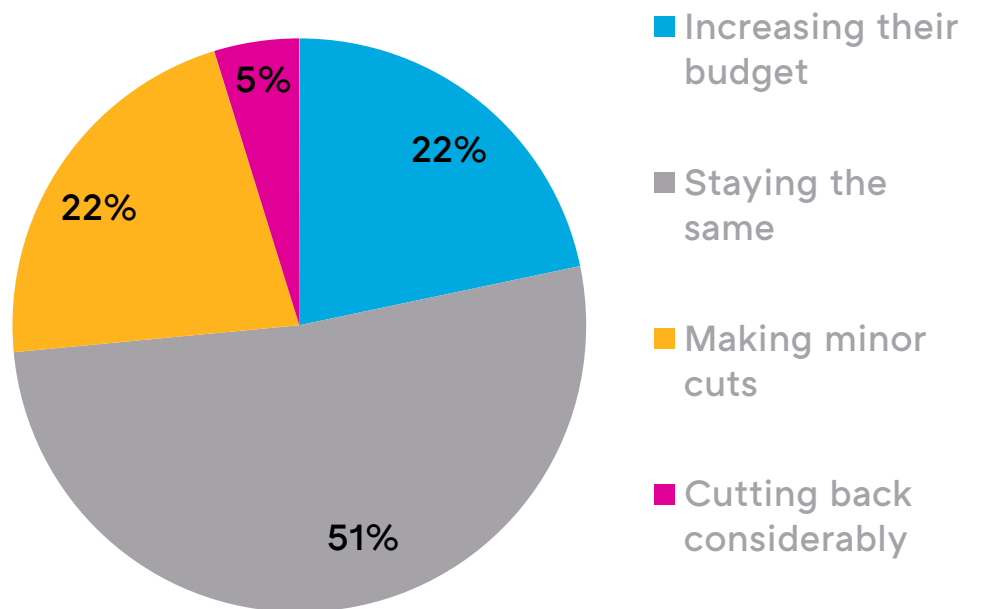
Did you see your business increasing or decreasing in the second quarter over the same time last year?



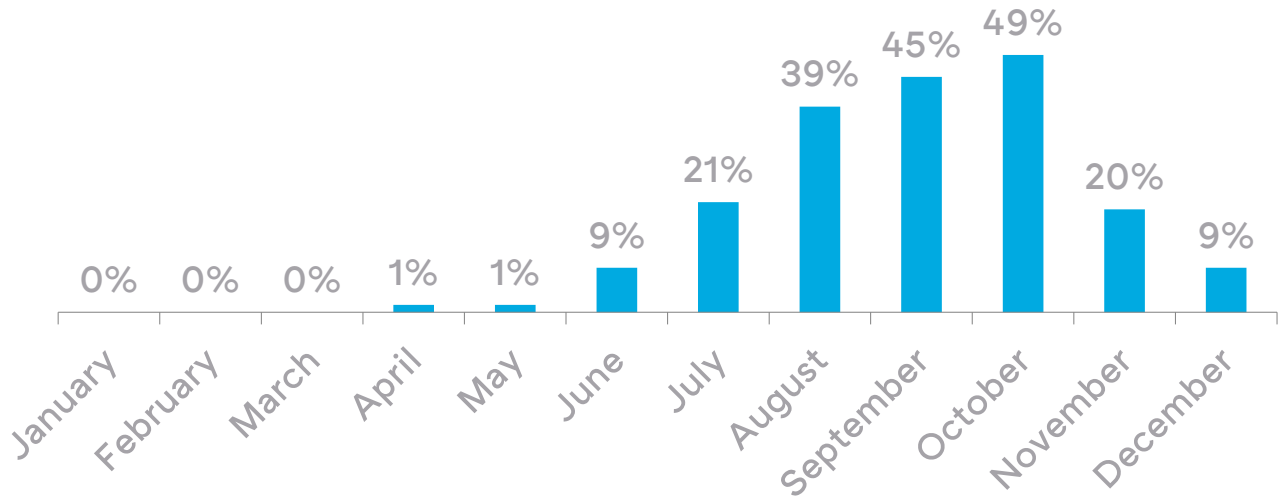
What are your staffing plans for 2015?



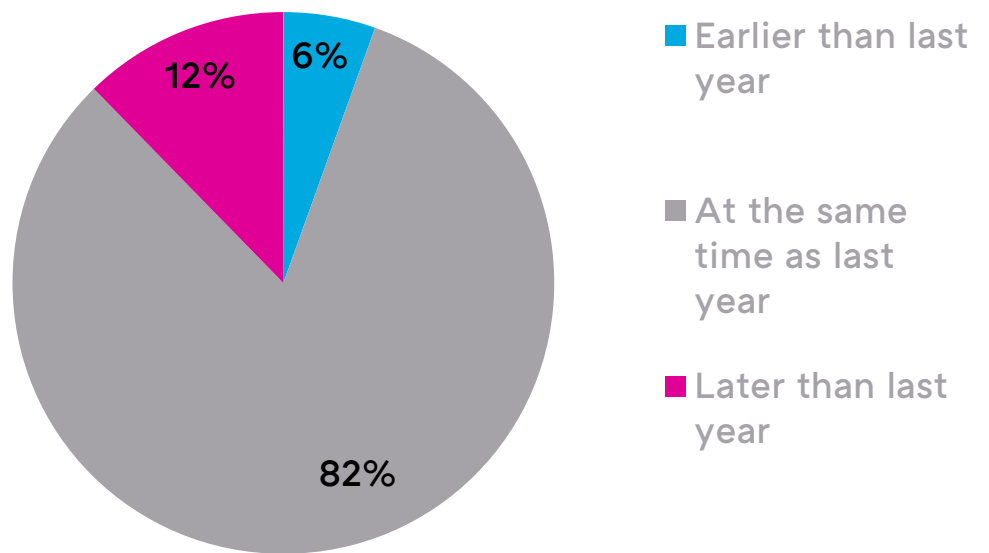
On average, how do you see your customers approaching their Marketing/Advertising planning this year?



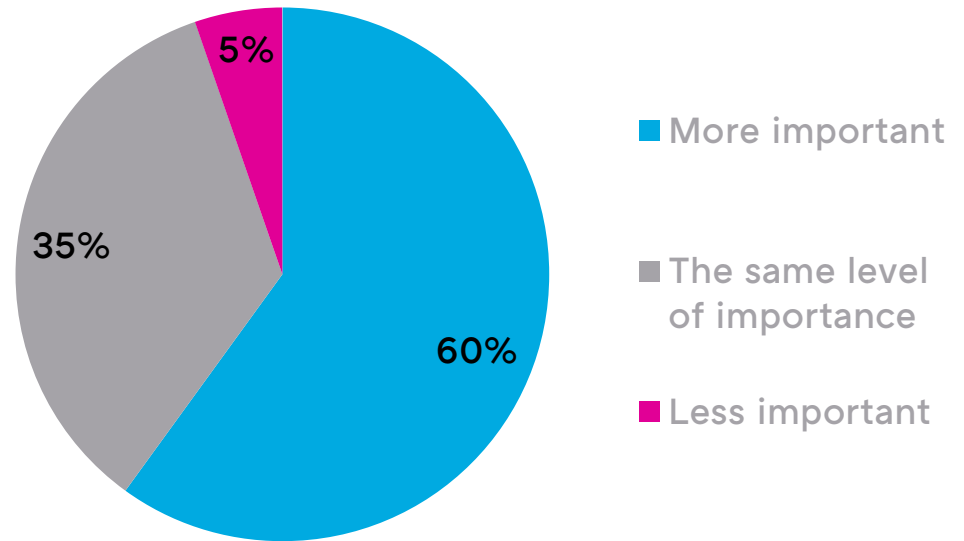
Generally speaking, when do your clients start buying ad space for the Black Friday and Christmas shopping season? (choose all that apply)



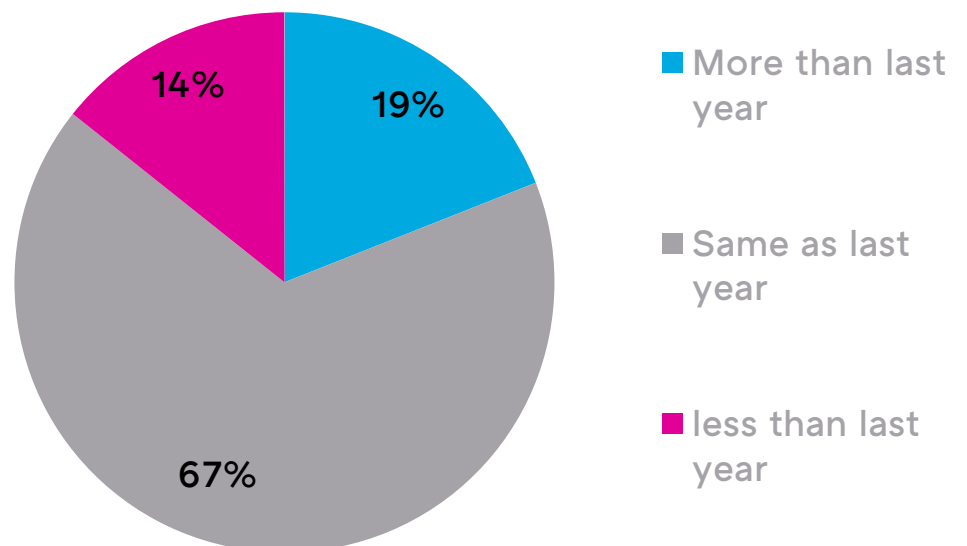
Compared to the past, when are your clients buying advertising space for the Black Friday and Christmas shopping season?



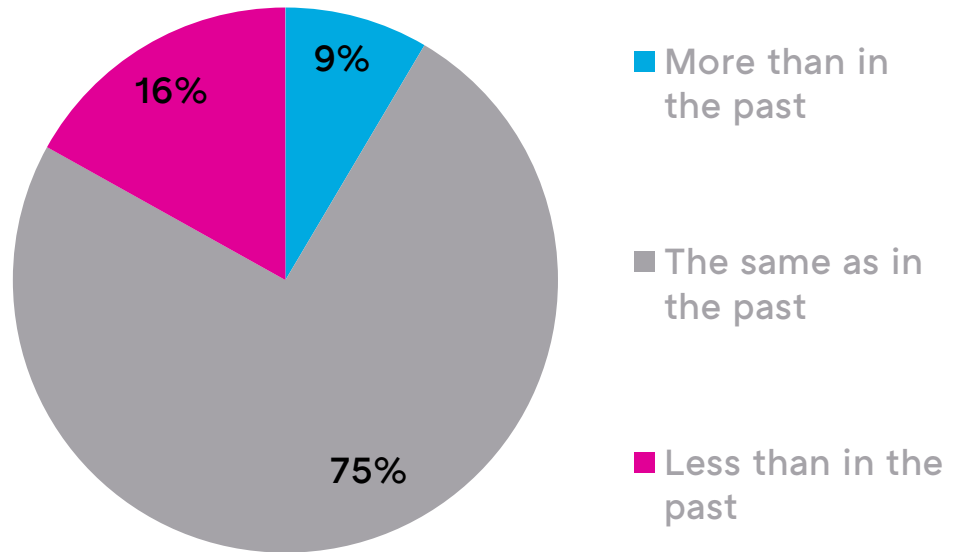
In planning for the upcoming holiday season, how important is geotargeted mobile advertising to your clients?



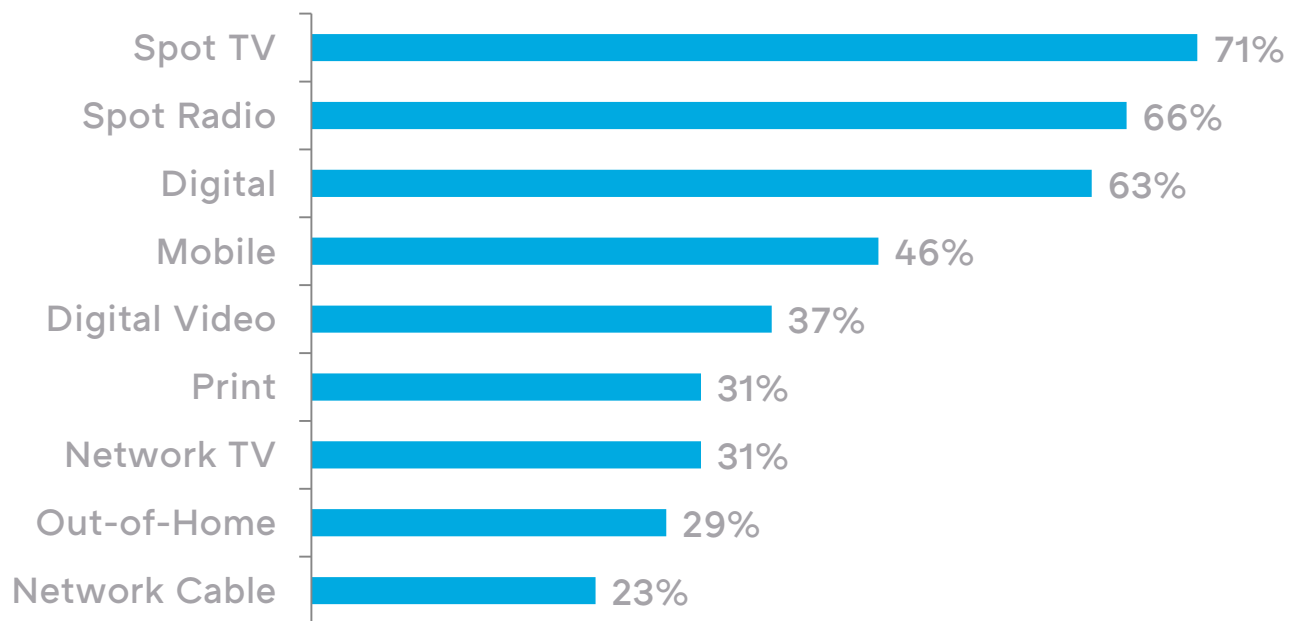
My clients' interest in political advertising is:



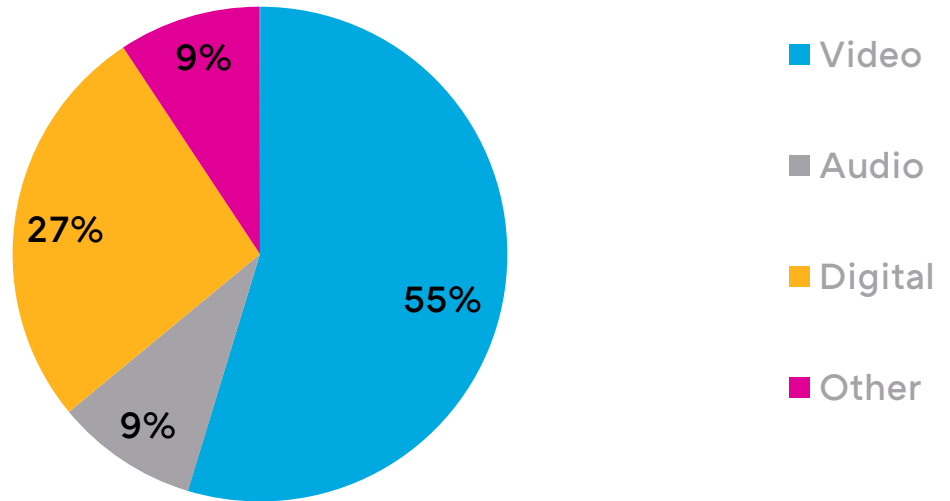
Compared to past political campaigns, my clients' ad spend on political advertising will be:



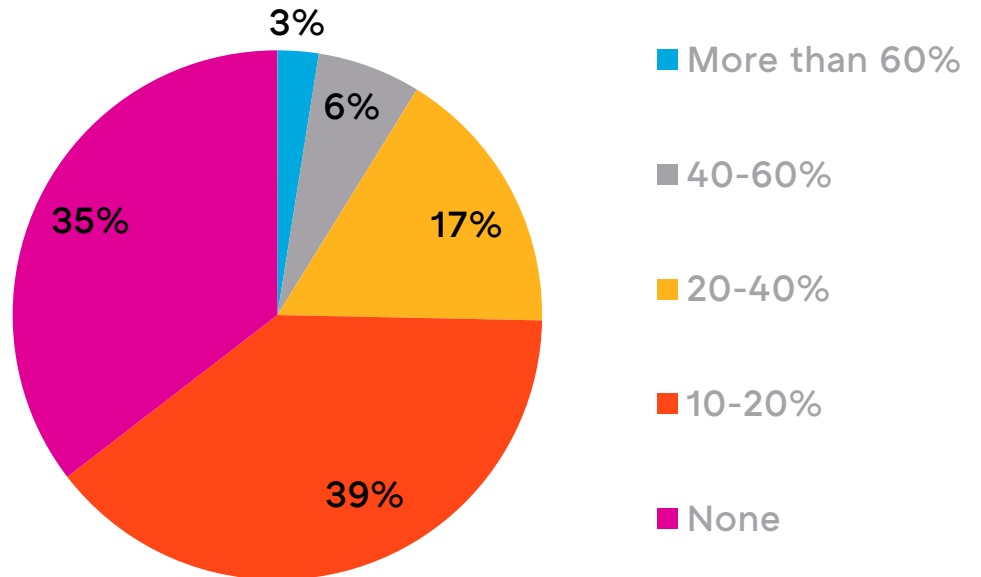
My clients are using the following in their political campaigns: (choose all that apply)



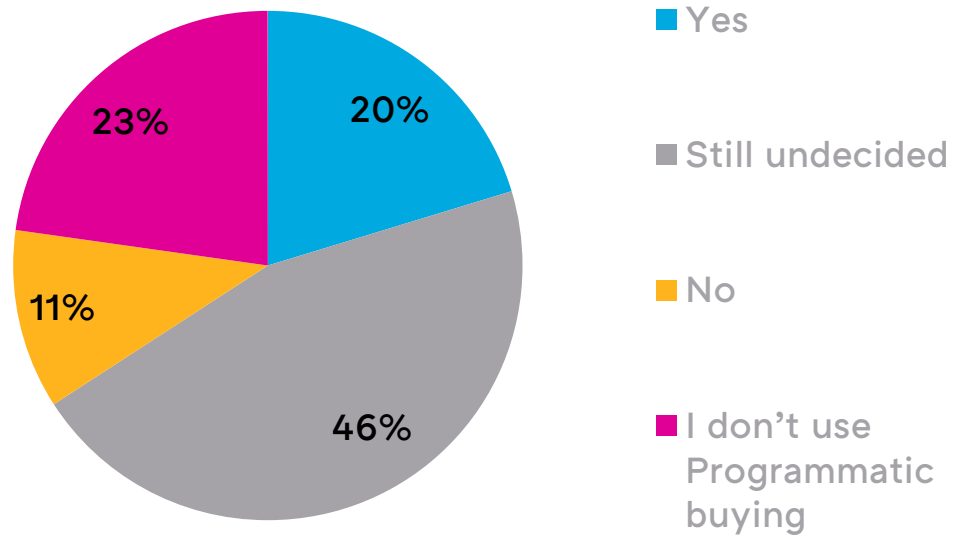
Our clients' main emphasis for campaigns is:



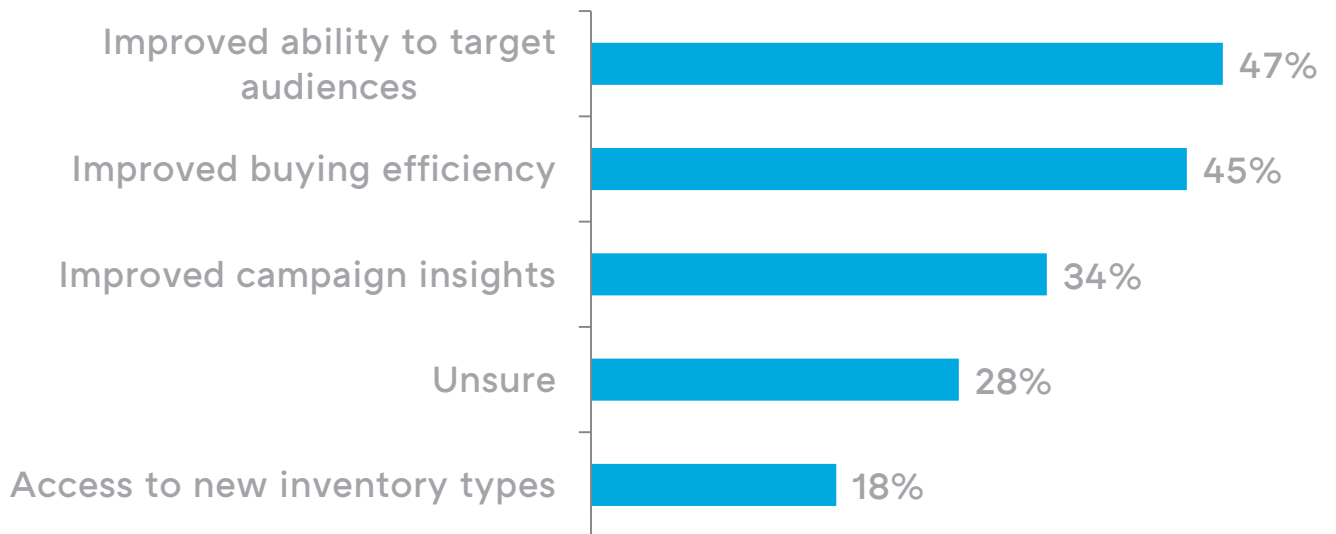
What percentage of your business do you intend to carry out with Programmatic buying?



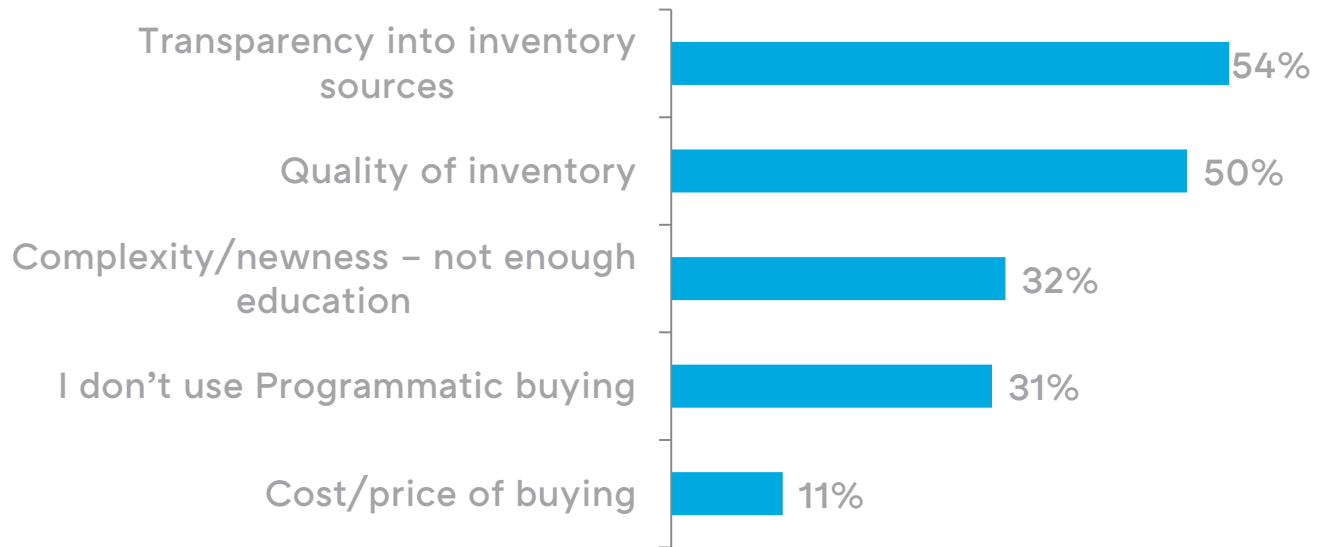
Do you trust Programmatic buying to properly or accurately execute your ad orders?



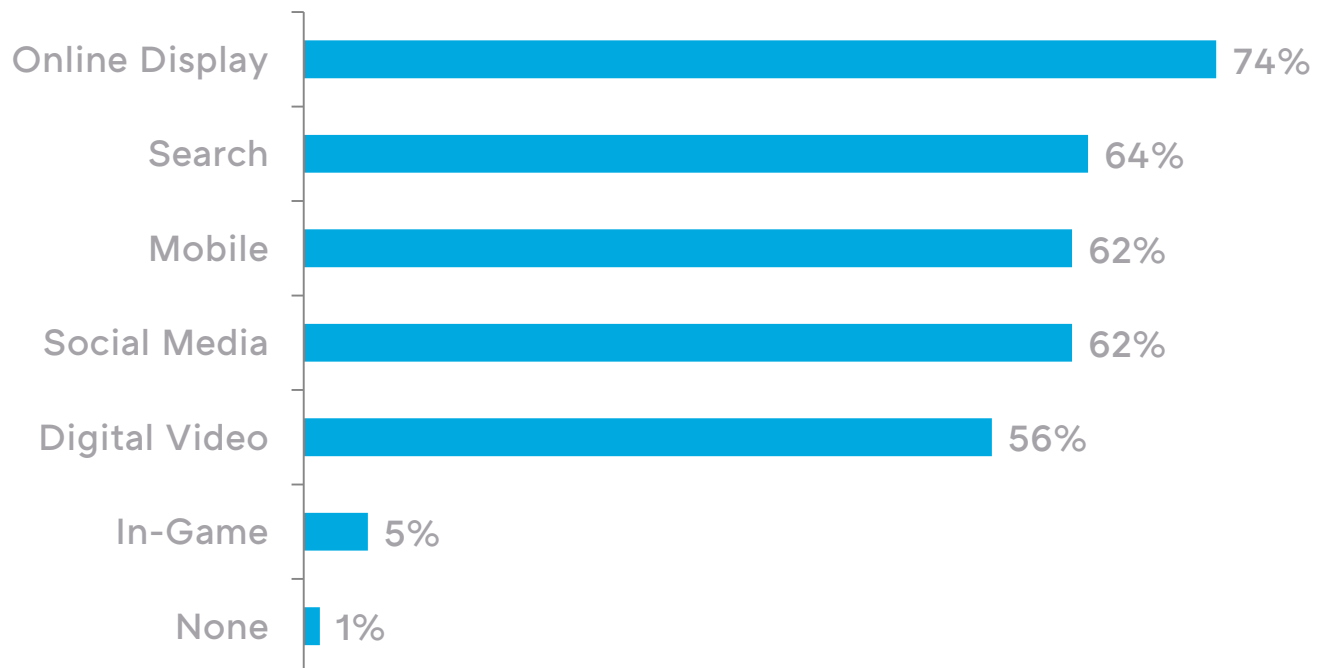
What do you see as the potential benefit of Programmatic buying? (choose all that apply)



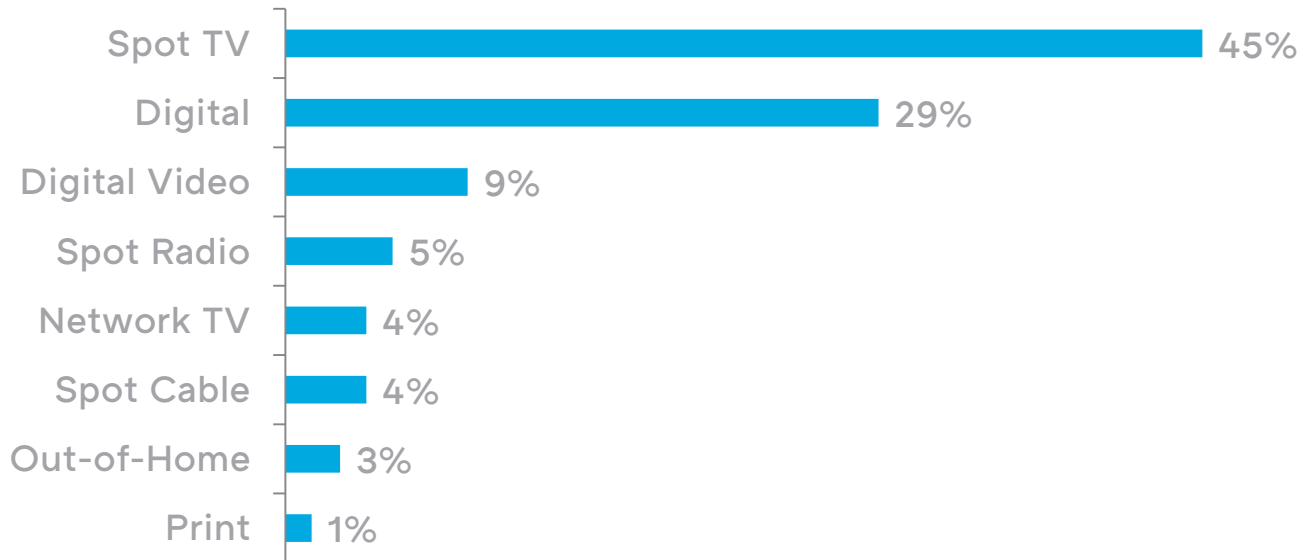
What are your greatest fears associated with Programmatic buying? (choose all that apply)



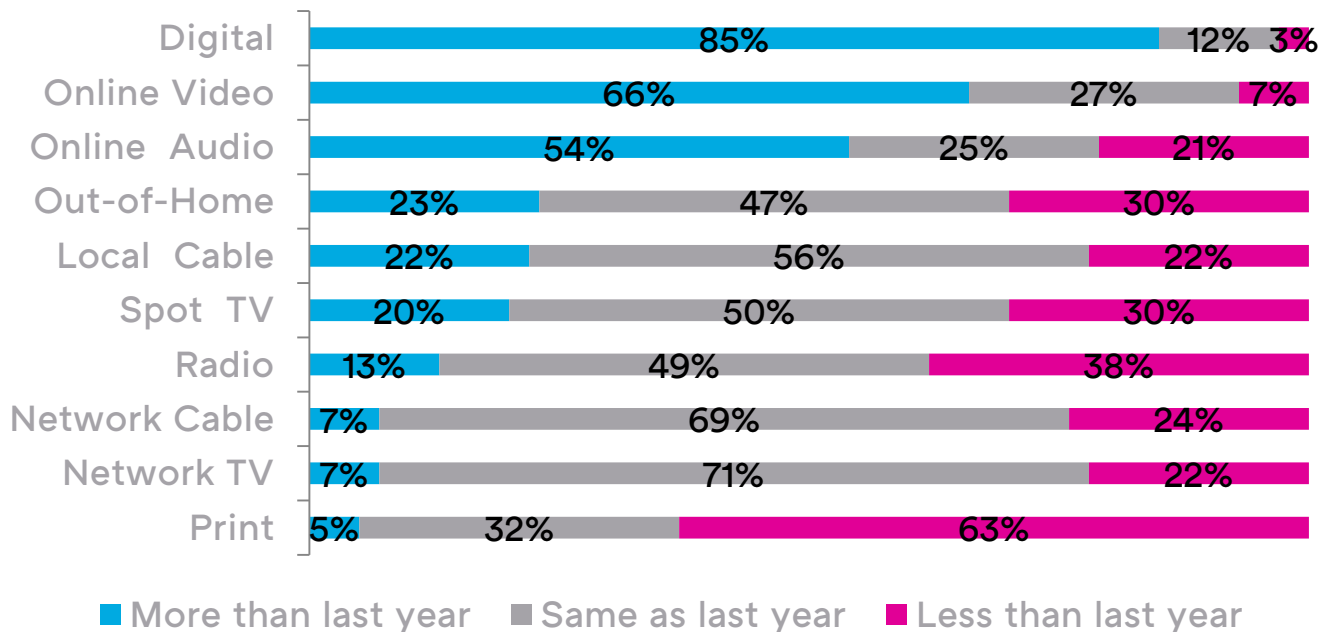
Where do you focus your Digital spend? (choose all that apply)



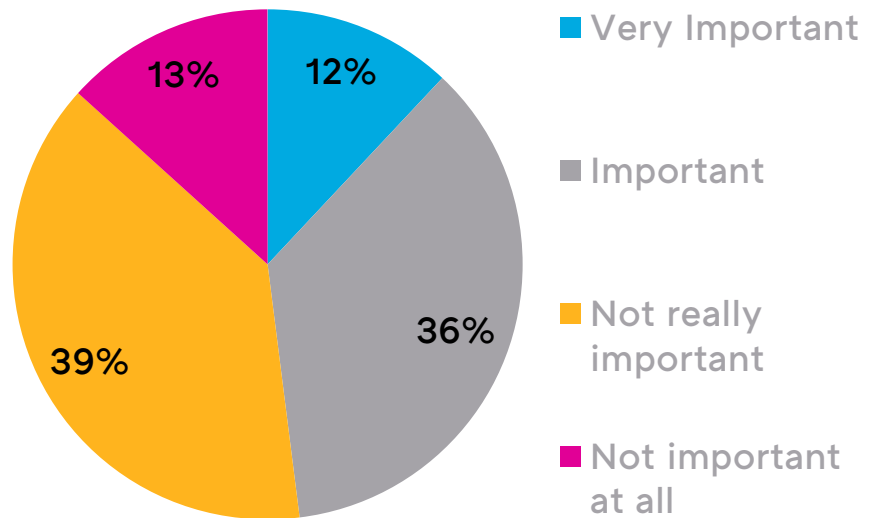
Right now, my customers are most interested in advertising on/in... (one answer only)



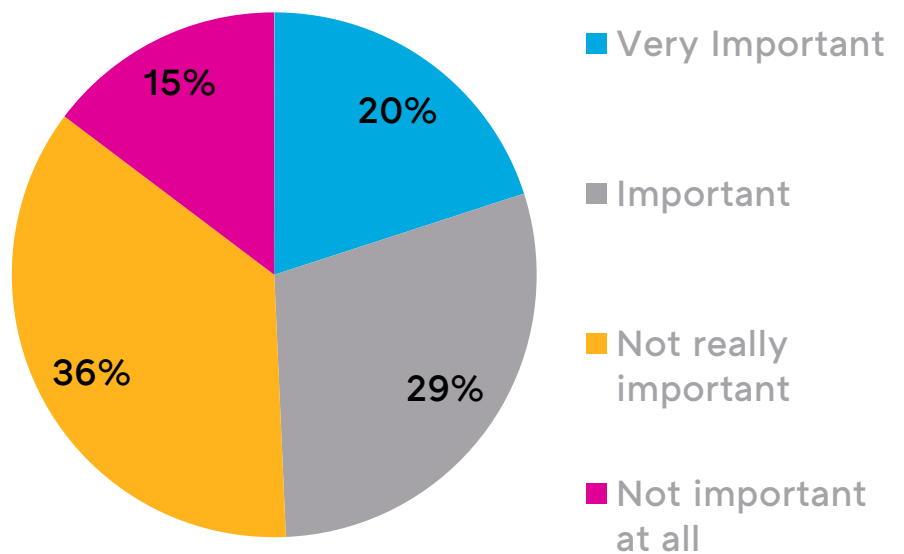
Please rate your clients' general interest in advertising on the following media types: (choose one for each)



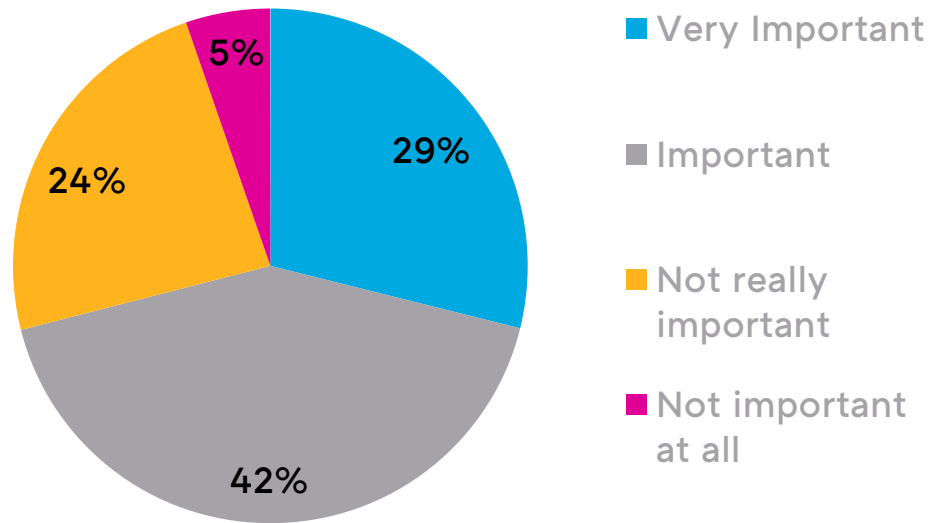
How important is extending your video buy into premium online video from cable/broadcast networks?



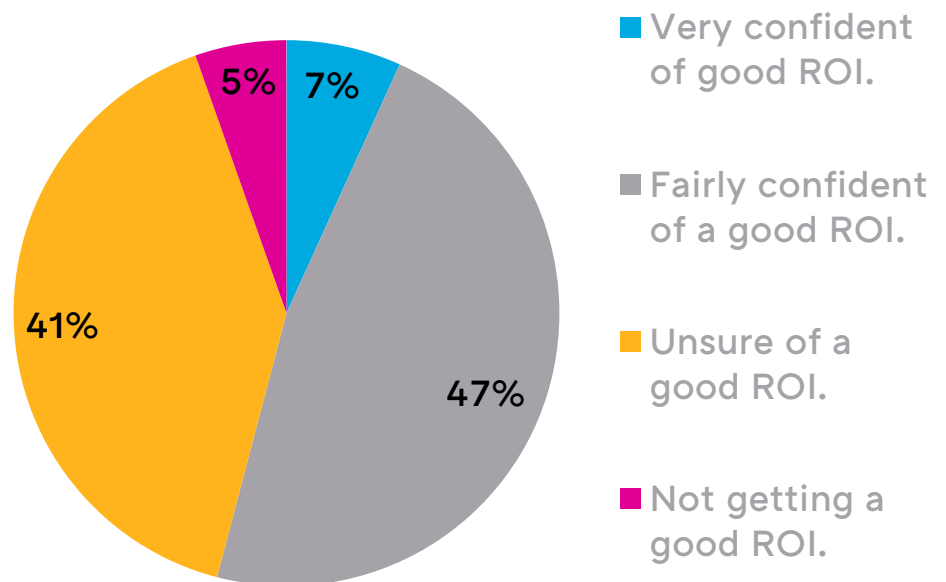
How important is it to access video aggregators/ad networks for additional reach with your online video buy (e.g., YUME, Videology, Tremor etc.)?



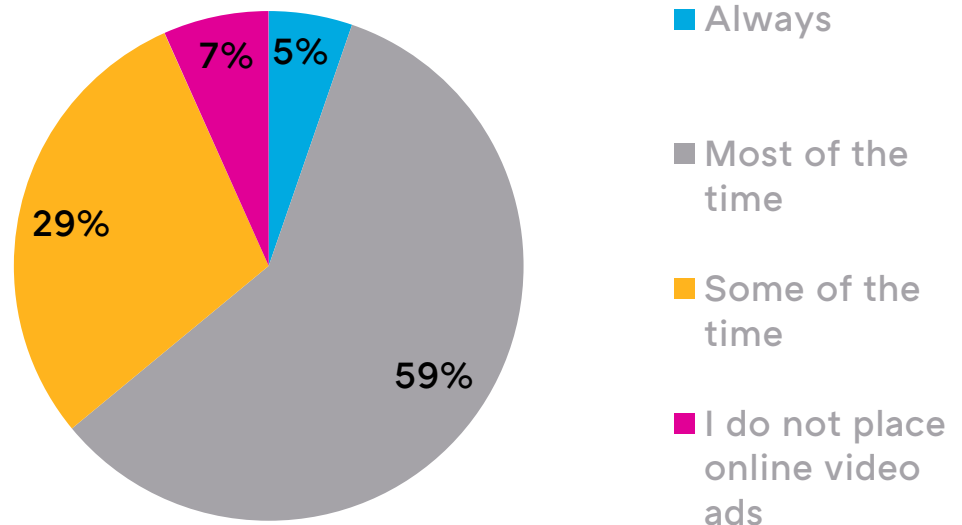
How important is it to access online video sites (e.g., YouTube, AOL, Twitch)?



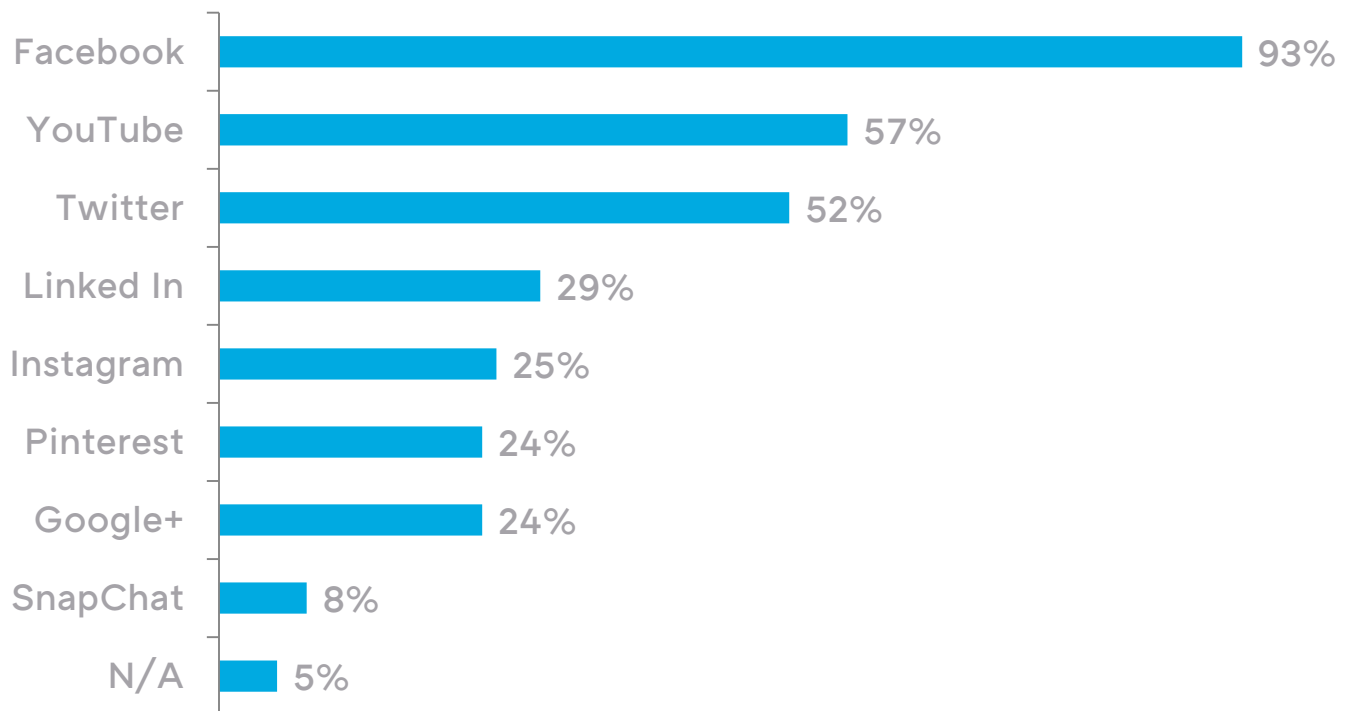
Which best describes your ROI on recent online video ad purchases?



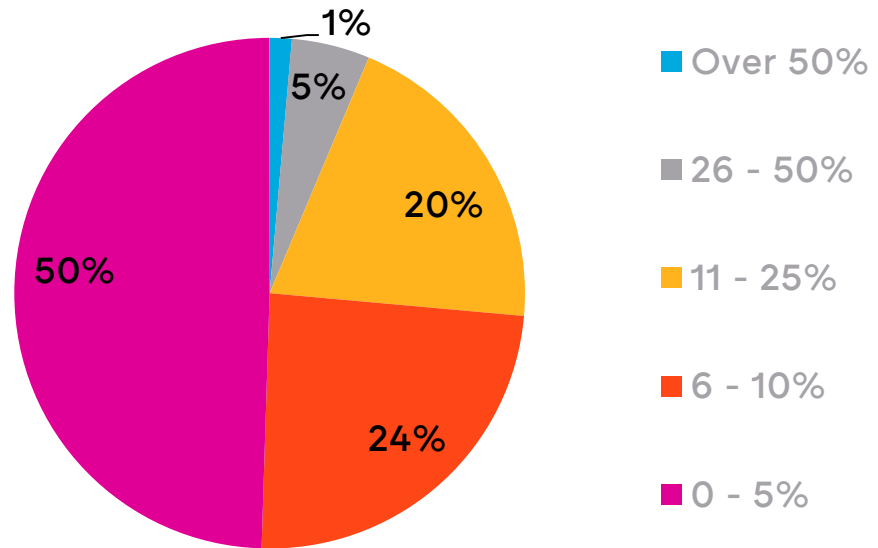
Do online videos ads you place reach their intended audience?



Which Social Media are you most likely to use in your client campaigns? (choose all that apply)



What percent of overall advertising budgets are your clients allocating to paid Social Media?



How often do you use Social Media ad exchanges when purchasing Social Media ads?

