



Q3 2015 Agency Insight Survey

**Ad Economy Strong Ahead Of Holiday
Season And New Year**

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.

November 18, 2015

30 W Monroe St #1900
Chicago, IL 60603

P 312.222.1555
gotostrata.com

Survey: Ad Economy Strong Ahead Of Holiday Season And New Year

—More Than Half of Agencies See Business Increasing at Year End amid Uptick in Client Budgets and Online Video Spend—

CHICAGO (November 18, 2015) – A third quarter survey of advertising agencies conducted by STRATA, the leader in media buying and selling software, found that 53% of agencies see their business increasing now over the same time last year, offering optimistic signs for the ad economy as the holiday season approaches. Broadly, the outlook for the end of 2015 looks strong as 45% project their growth to be higher in the second half as compared to the first.

Client budgets this year are expected to increase at 17% of agencies, while 57% of agencies polled see client budgets remaining flat compared to last year. 40% of agencies plan on hiring additional staff in the second half of this year, the highest percentage recorded in the STRATA Survey in five years. Despite the positive signs, attracting new clients is now the top challenge for 33% of agencies, overtaking media mix (22%), which was the top agency challenge for three of the last four quarters. STRATA.

Agencies are continuing to devote more focus to streaming/online video as 71% report more interest in that medium compared to a year ago, the largest increase in the history of the survey and a 23% rise from 3Q14. Increased confidence in the ROI of online video is helping drive this trend, as 45% state they are confident they are getting good value in recent online video ad purchases, up 51% from a year ago. The



percentage of agencies that are still unsure of online video advertising value dropped 24% from a year ago to 36% of agencies.

Contributing to increased confidence in online video ROI, a higher percentage of agencies feel their video ad buys are more accurately targeted than in the past; 55% percent say their online video ads reach their intended targets most of the time, up 38% from a year ago. New trends in how to increase the reach of video ad buys are also emerging, as 52% of agencies say accessing video aggregators/ad networks is very important or important to them, a jump of over 54% from the second quarter. A majority of agencies (76%) now say it is very important or important to extend their buys into premium online video from cable/broadcast networks, a 32% increase from a year ago.

“As confidence in online video ROI grows, agency appetite and acceptance of different forms of digital video will only rise,” said J.D. Miller, Director at STRATA. “We are seeing agencies increasing their focus on automation tools including programmatic, to find the right inventory, the right audience at the right time.”

The survey also found 40% of agencies are making at least 20% of their buys programmatically. Agencies are entrusting programmatic buying for a range of ad types, including mobile (29% of agencies), streaming video (22%), and streaming audio (24%). The ability to target audiences is the top benefit of programmatic buying for 48% of agencies, followed by improved buying automation/efficiency (43%). Worries over the quality of inventory remains the prevalent concern with programmatic buying for 60% of agencies, followed by transparency into inventory sources (45%).



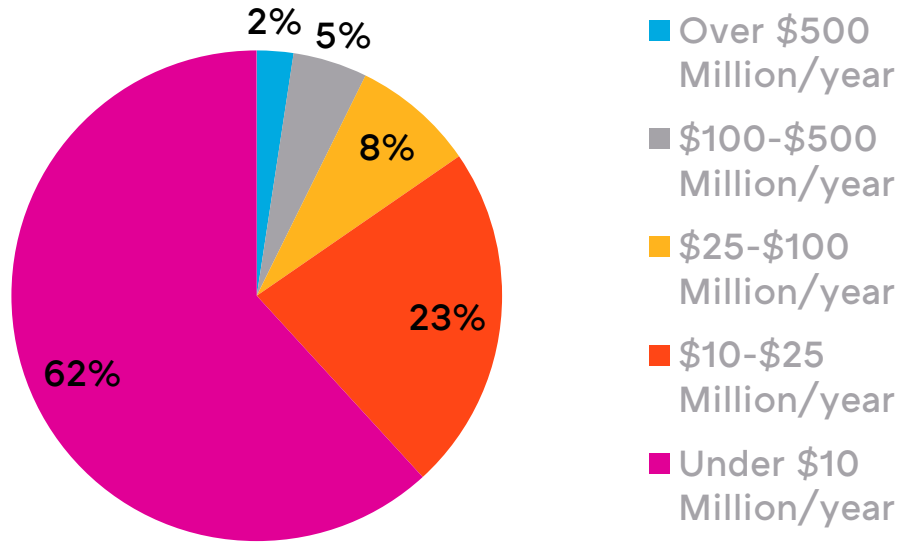
Other Findings Include:

- 32% of agencies say they are more focused on digital than any other medium.
- 77% of agencies are more interested in digital than they were a year ago, and 69% are more interested in mobile compared to a year ago.
- Facebook strengthens its hold as the top social media choice for 96% of agencies, a 14% increase from a year ago. This marks the second highest percentage since the survey began in 2008. YouTube is second at 68%, followed by Twitter in third at 53%.
- Instagram jumped 56% from a quarter ago and moved into the fourth spot for the first time in the survey's history as the top social media choice for 40% of agencies, surpassing LinkedIn (28%).

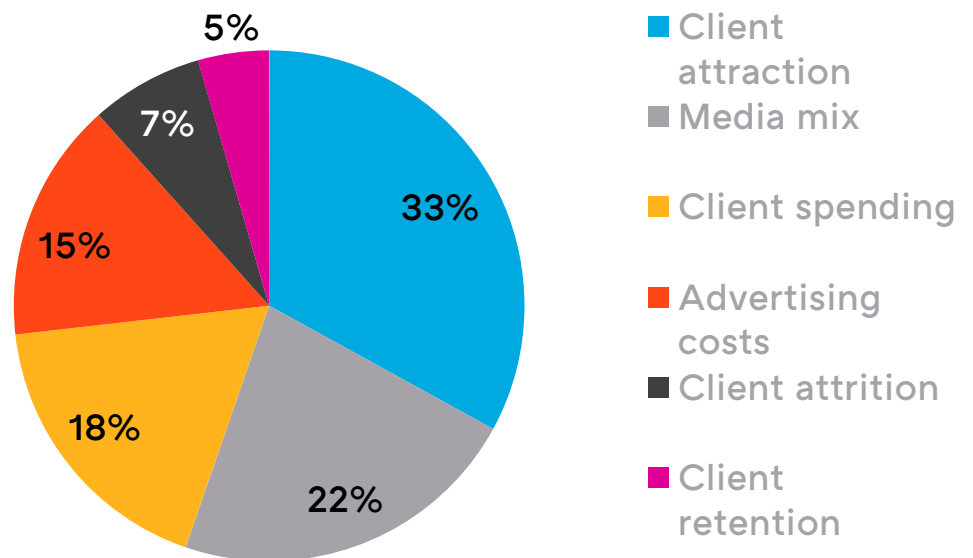


Survey Results

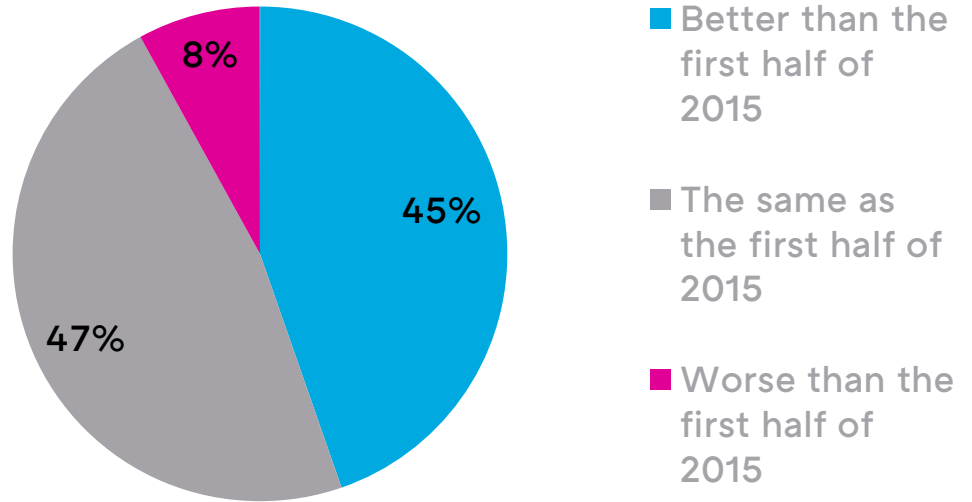
Which category best describes your agencies' projected total ad spend for 2015?



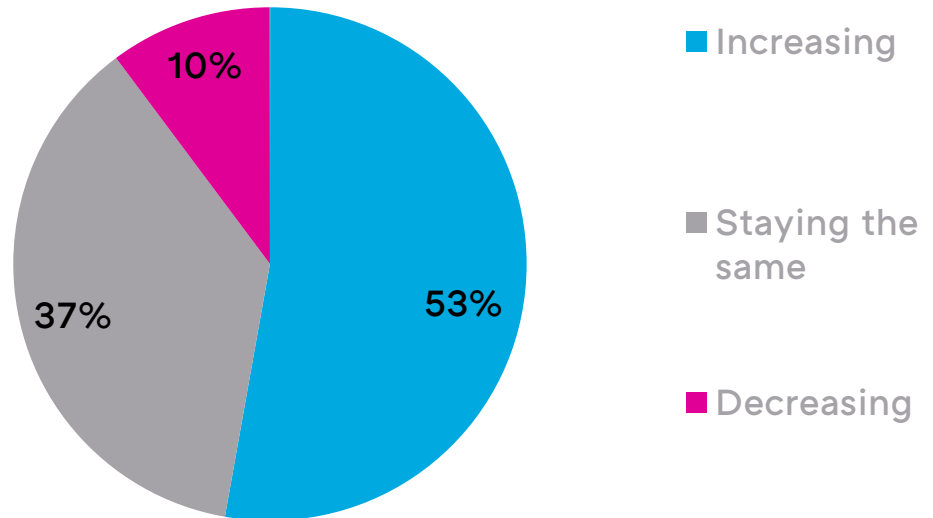
What is your biggest challenge this year? (choose one above all else)



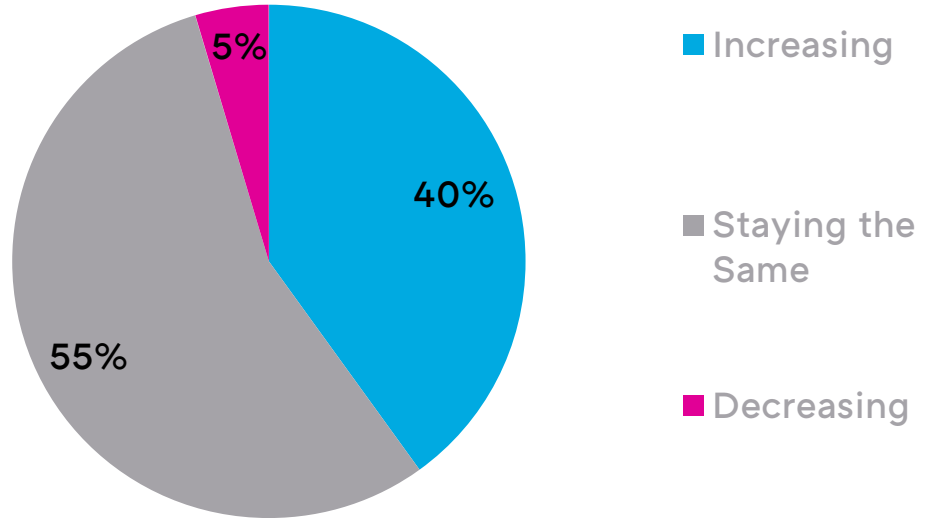
What do you project your growth to be in the second half of 2015?



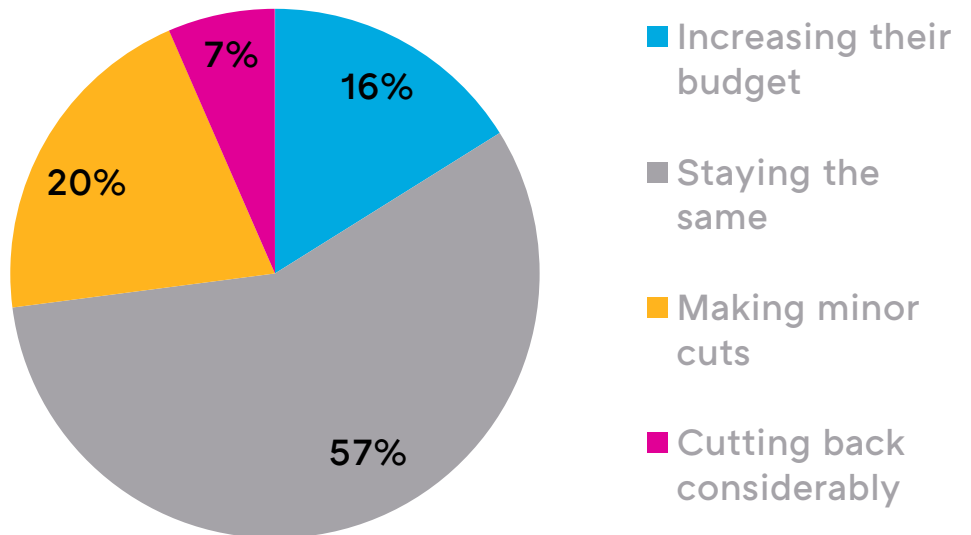
Did you see your business increasing or decreasing in the second quarter over the same time last year?



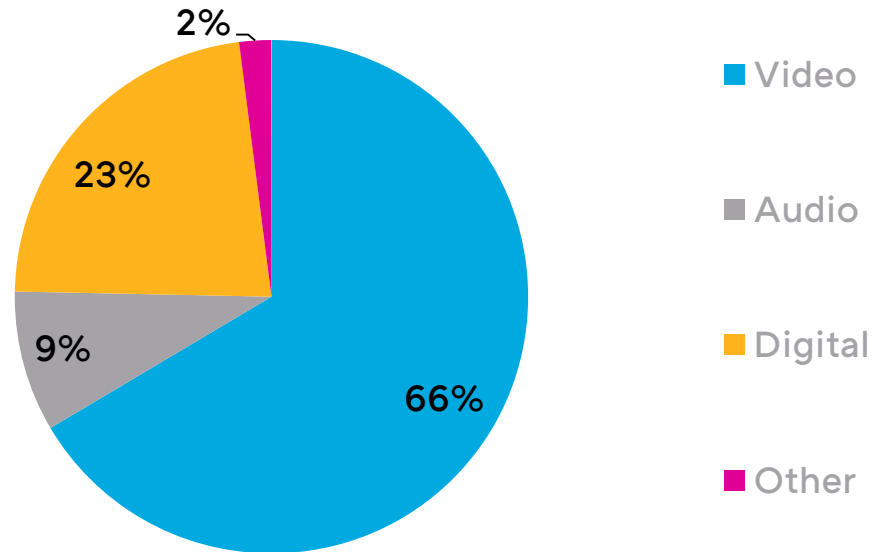
What are your staffing plans for 2015?



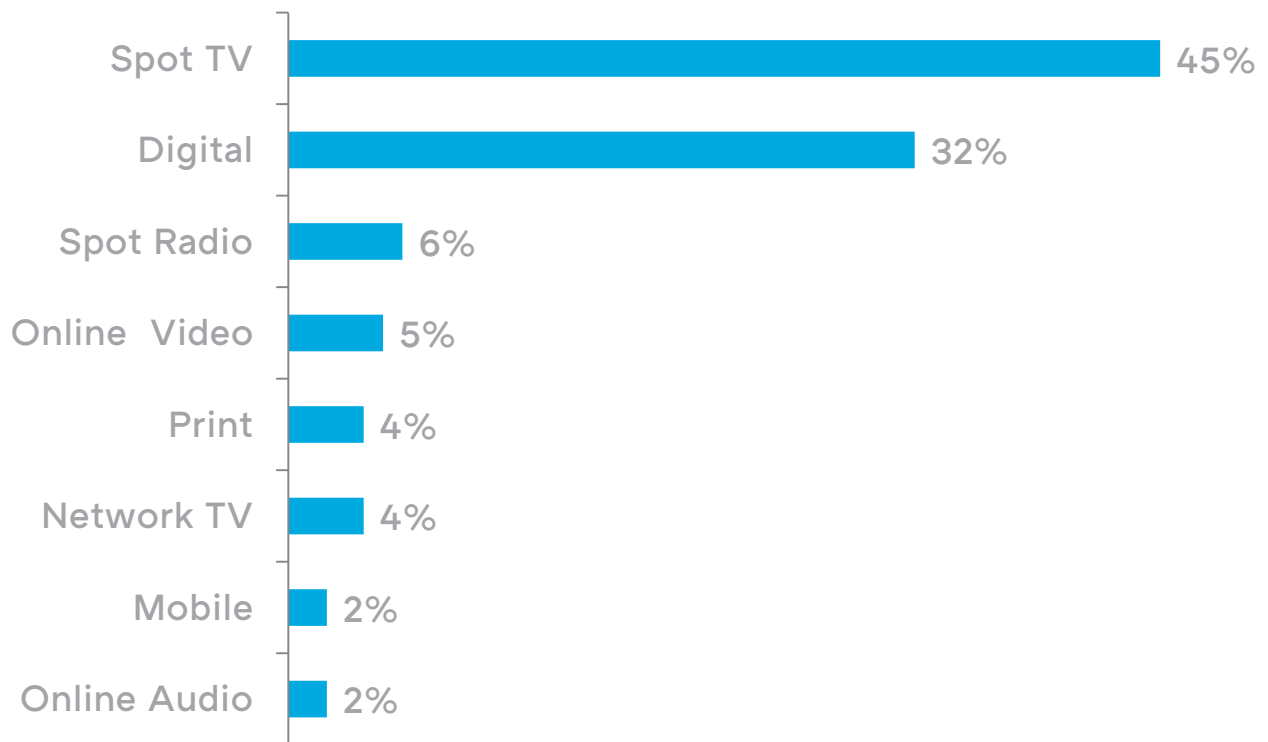
On average, how do you see your customers approaching their Marketing/Advertising planning this year?



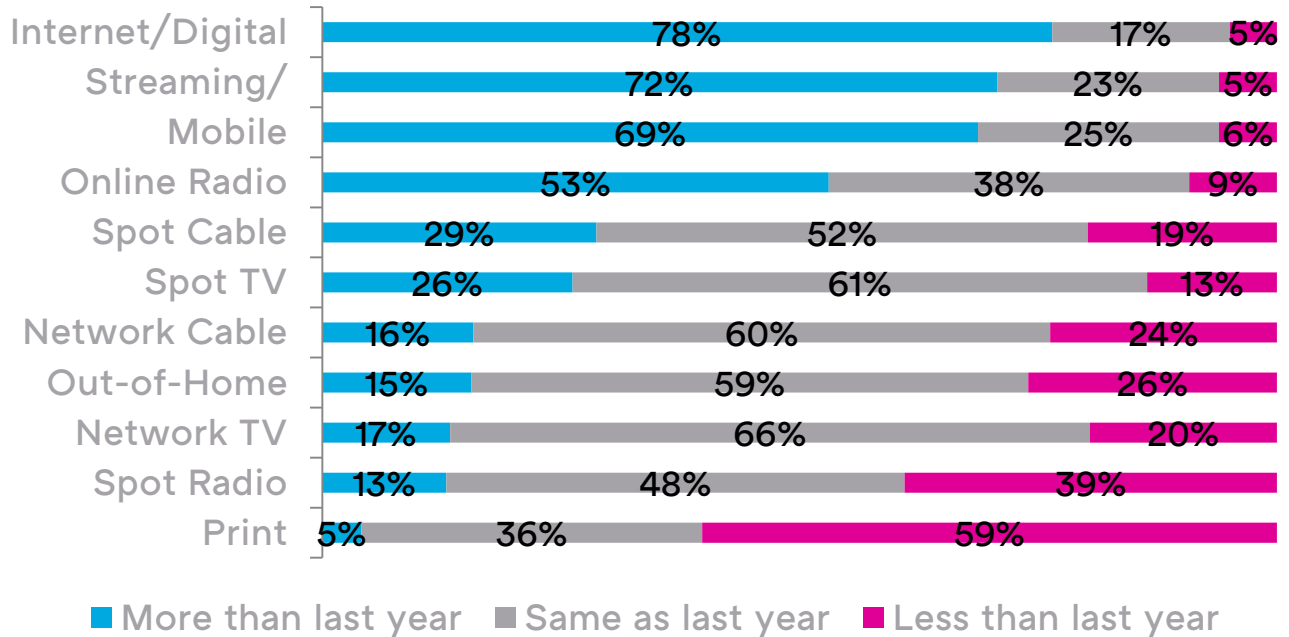
Our clients' main emphasis for campaigns is:



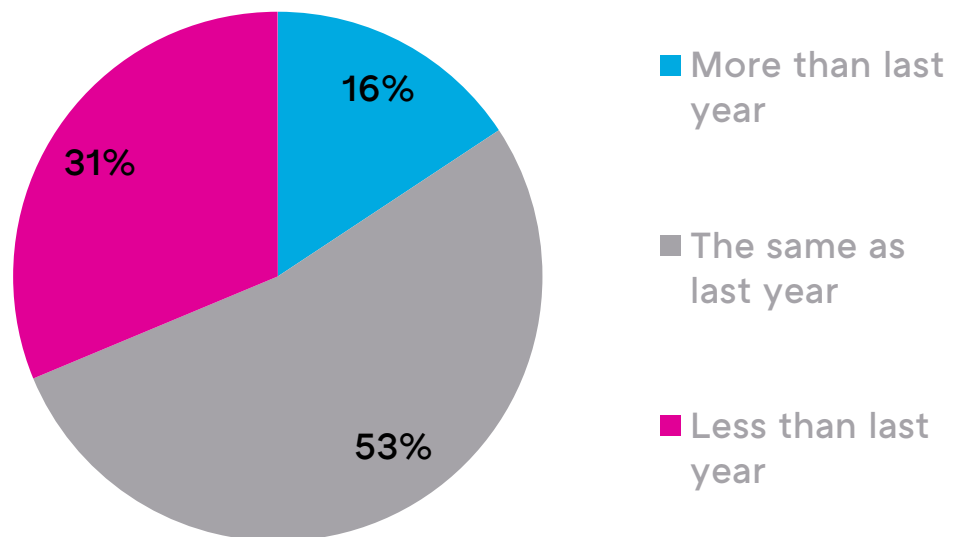
Right now, my customers are most interested in advertising on/in... (one answer only)



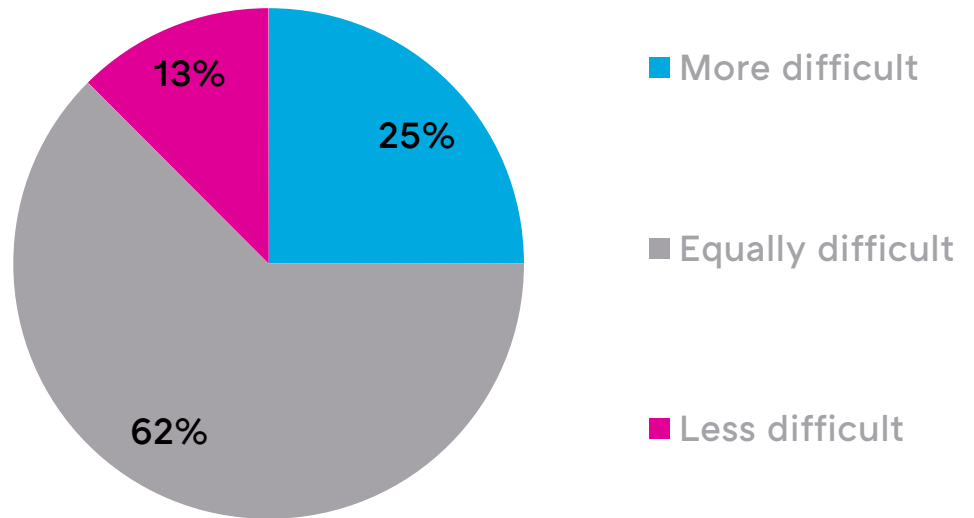
Please rate your clients' general interest in advertising on the following media types: (choose one for each)



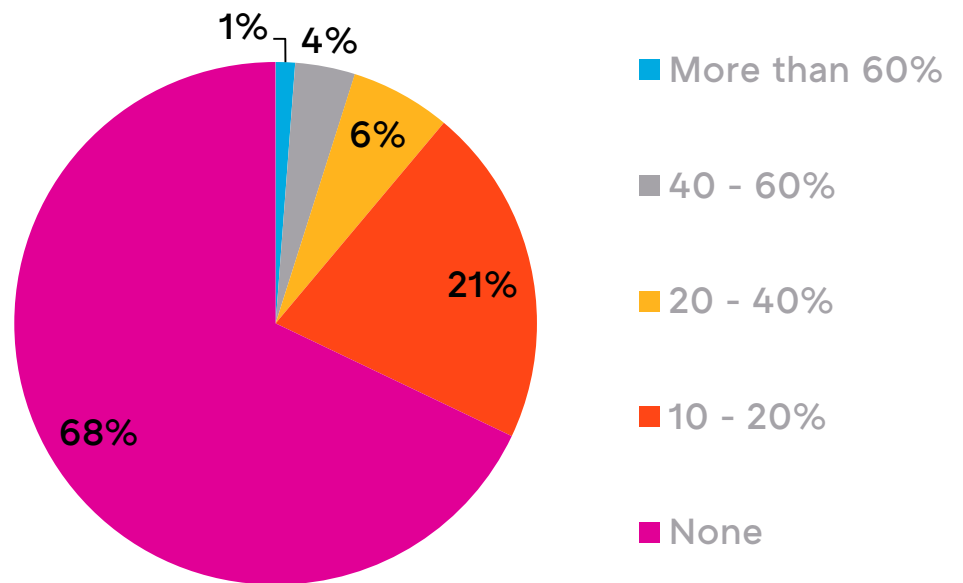
My clients' interest in political advertising is:



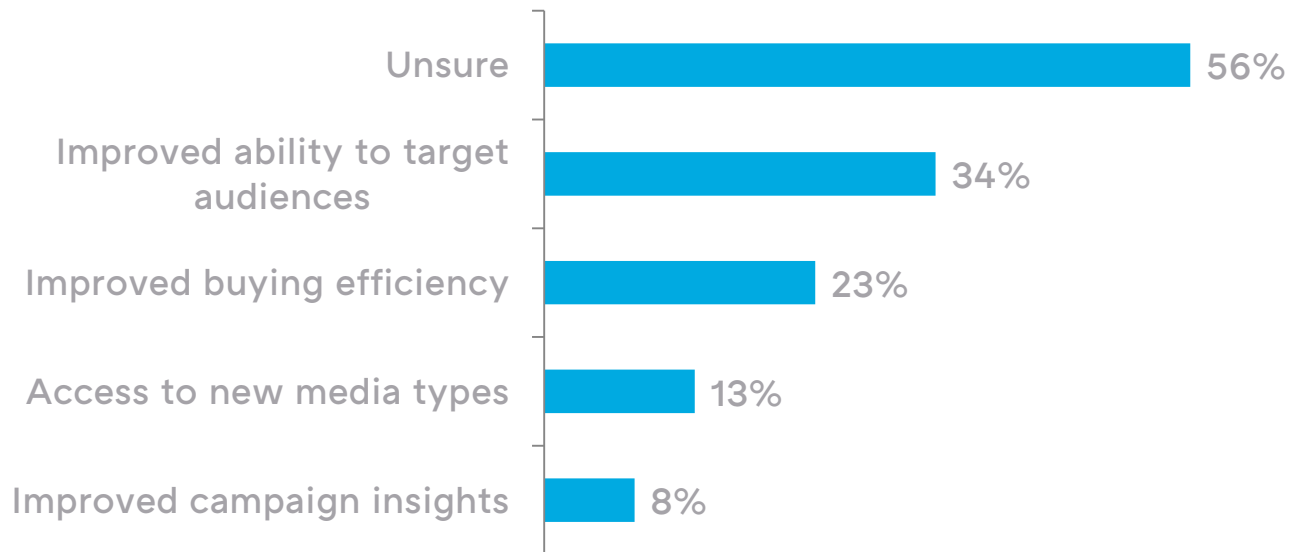
Compared to previous political cycles how would you rate the ease of finding unique opportunities to place political ads?



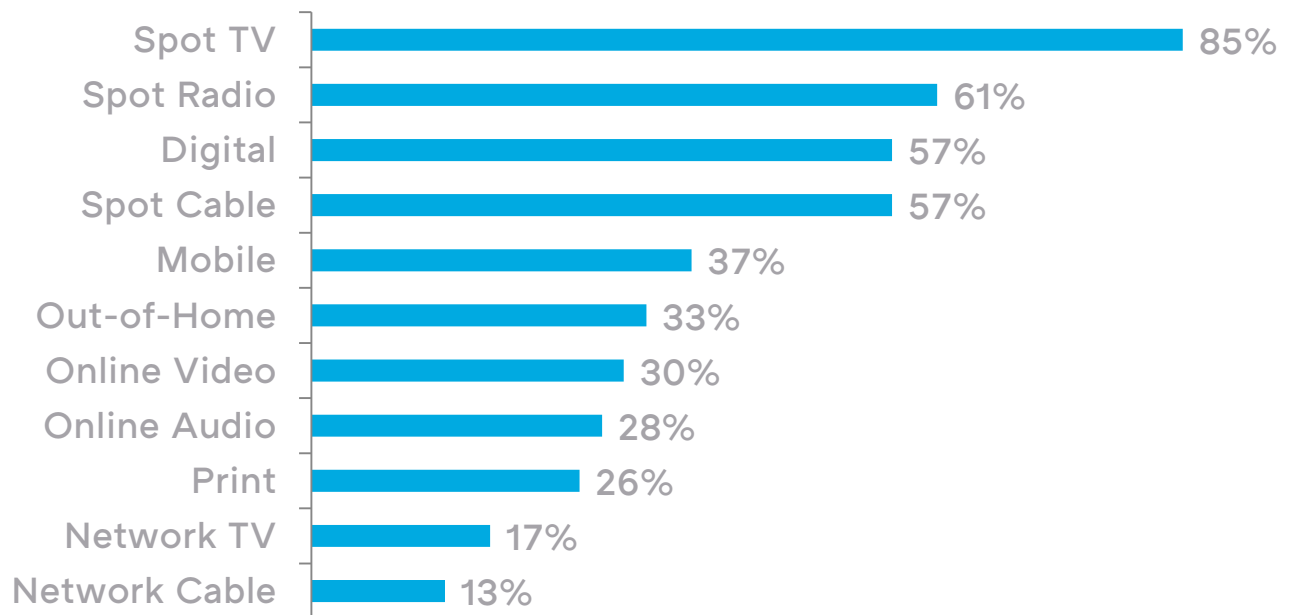
What percentage of your total political advertising budget will you plan to spend Programmatically?



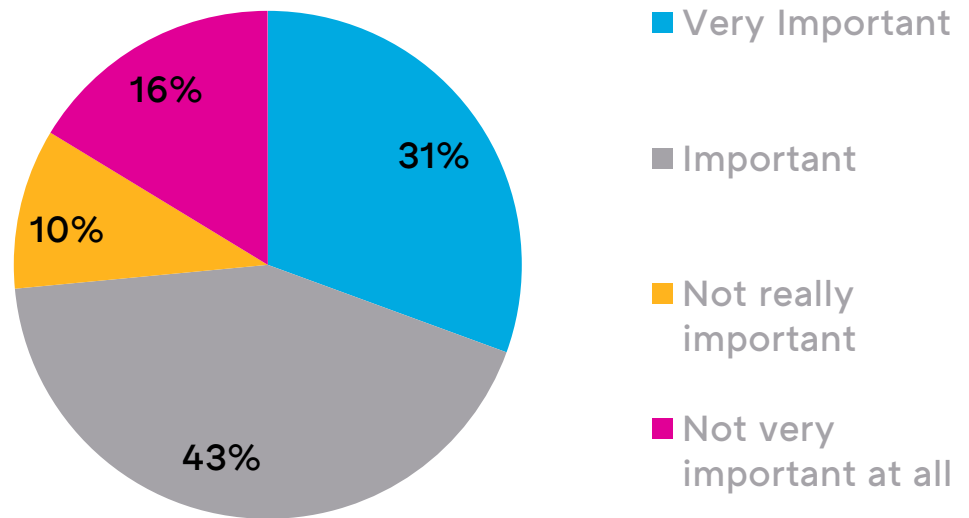
What do you see as the potential benefit of incorporating Programmatic buying in your political campaigns? (choose all that apply)



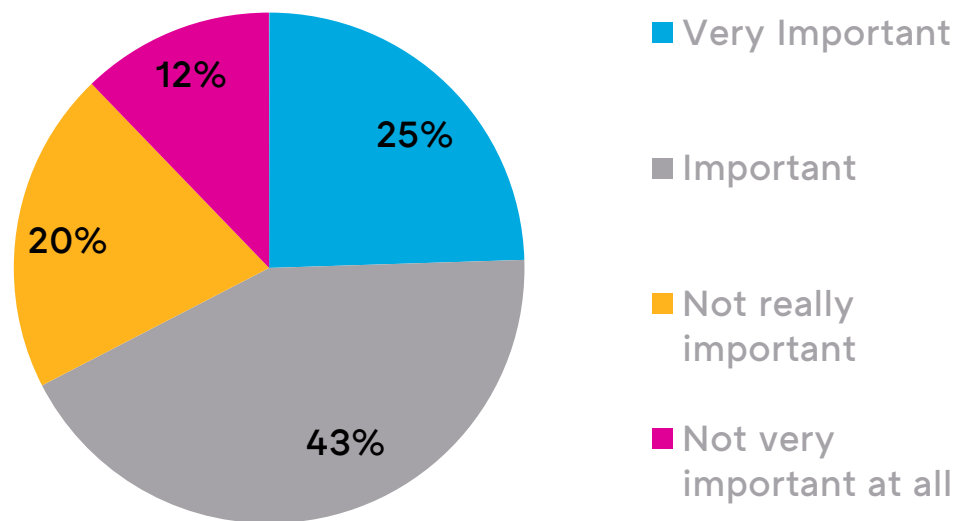
My clients' are using the following in their political campaigns: (choose all that apply)



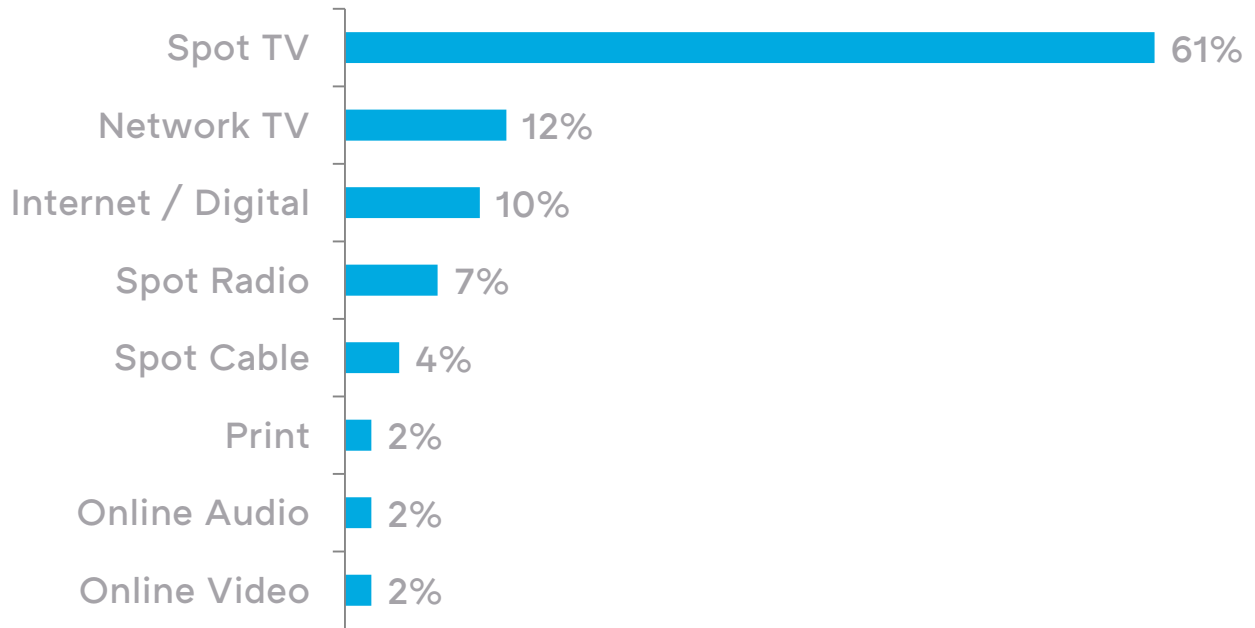
How important is it to extend the reach of your political buys via Streaming/Online Video? (YouTube, Hulu, Videology, YuMe etc.)



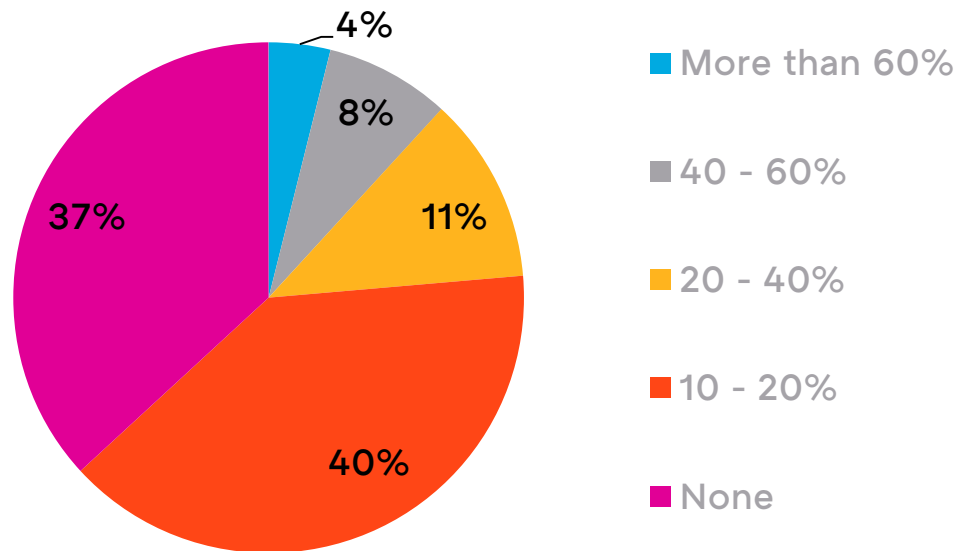
How important is it to extend the reach of your political buys via Streaming/Online Audio? (Pandora, Spotify, iHeartRadio etc.)



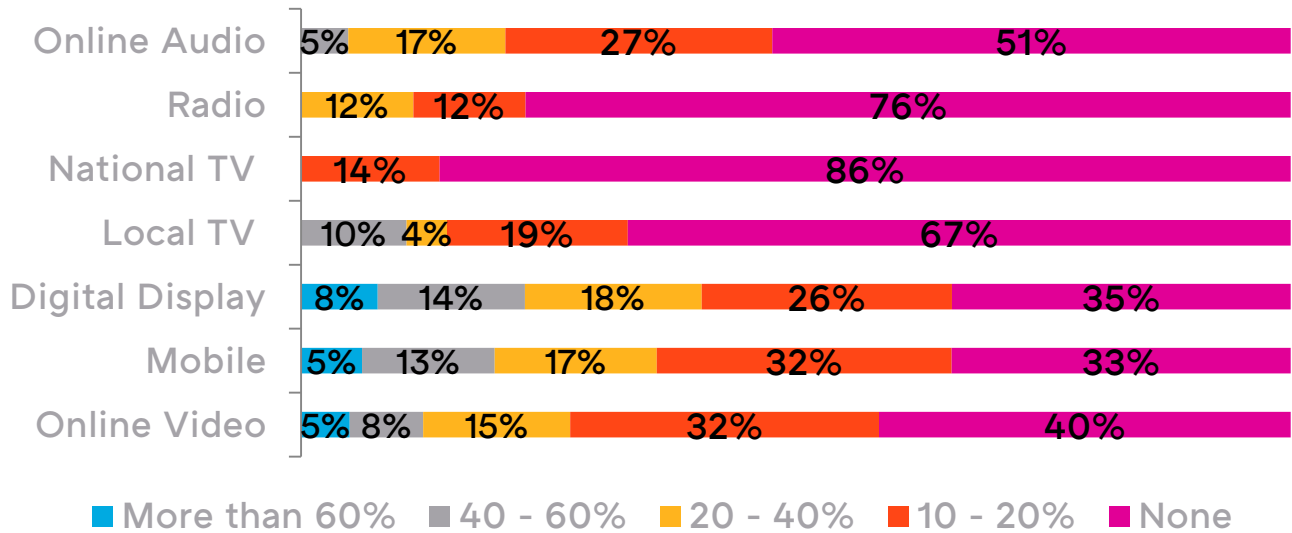
Which advertising medium do you feel provides the strongest ROI for political advertising?



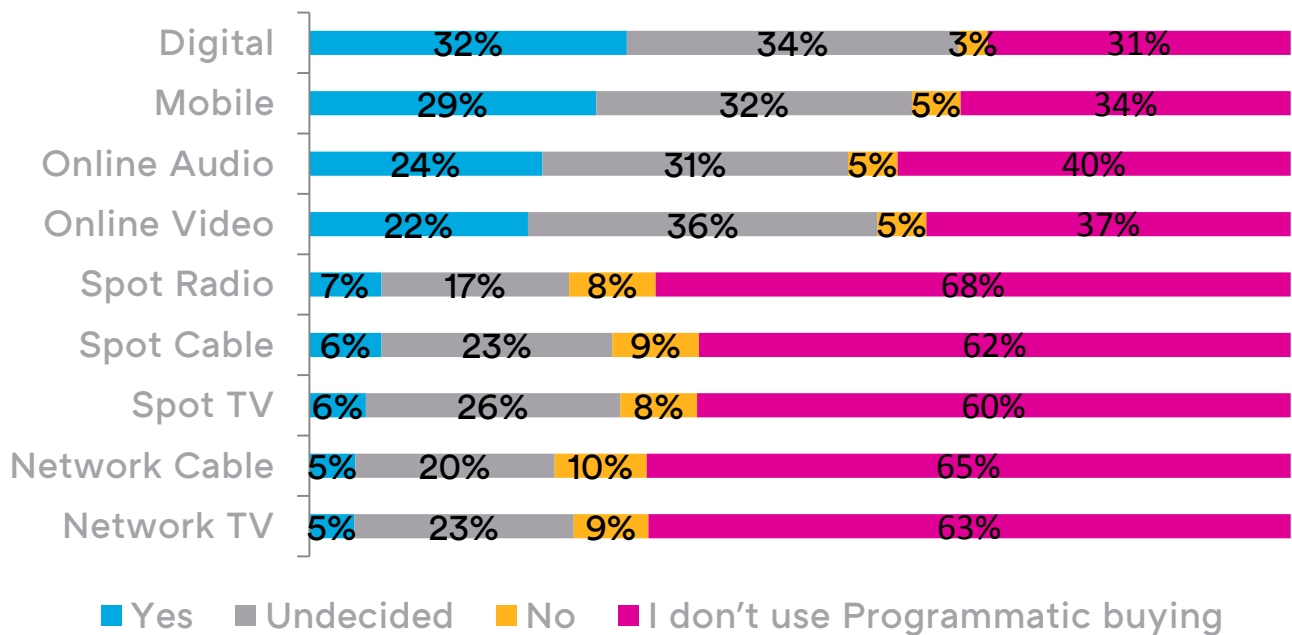
What percentage of your business do you intend to carry out with Programmatic buying?



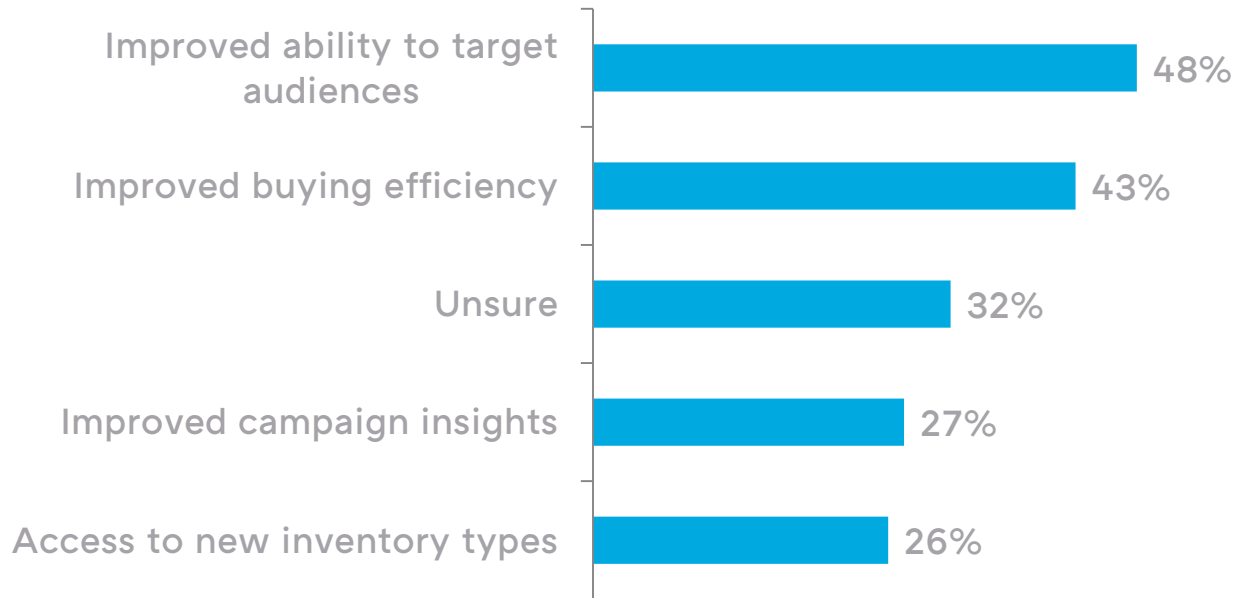
What percentage of your Programmatic ad spend will you allocate to each of the following media types? (choose one for each)



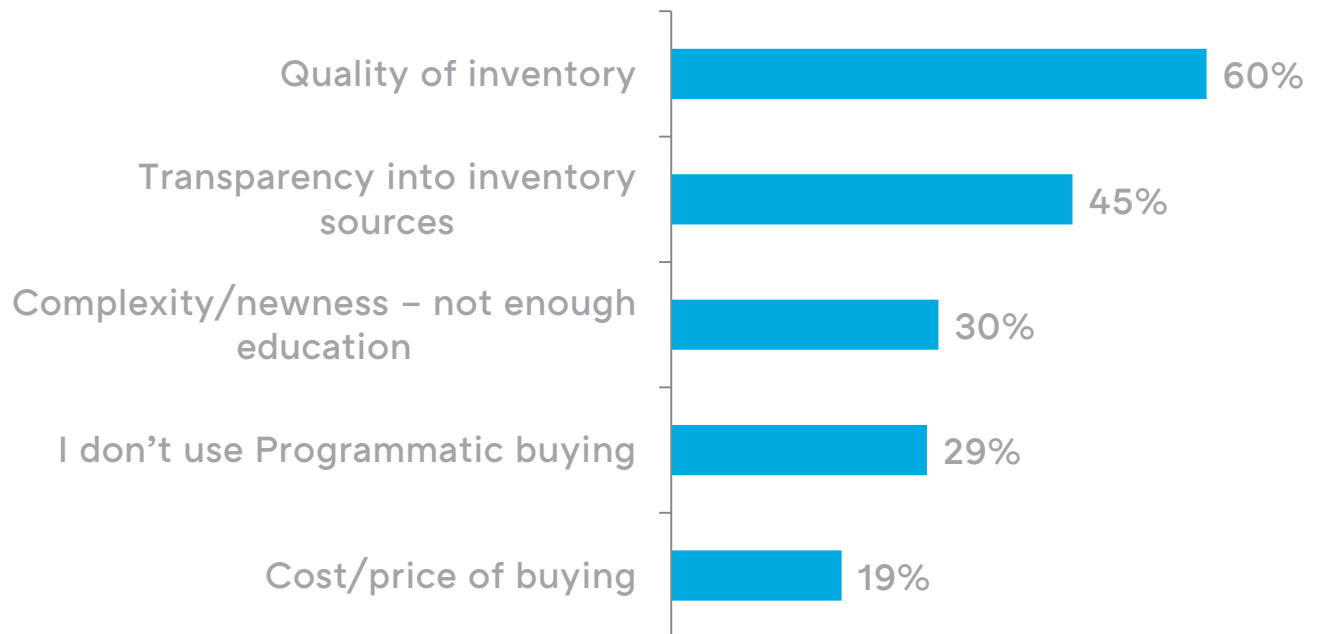
Do you trust Programmatic buying to properly or accurately execute your ad orders in the following advertising media? (choose one for each)



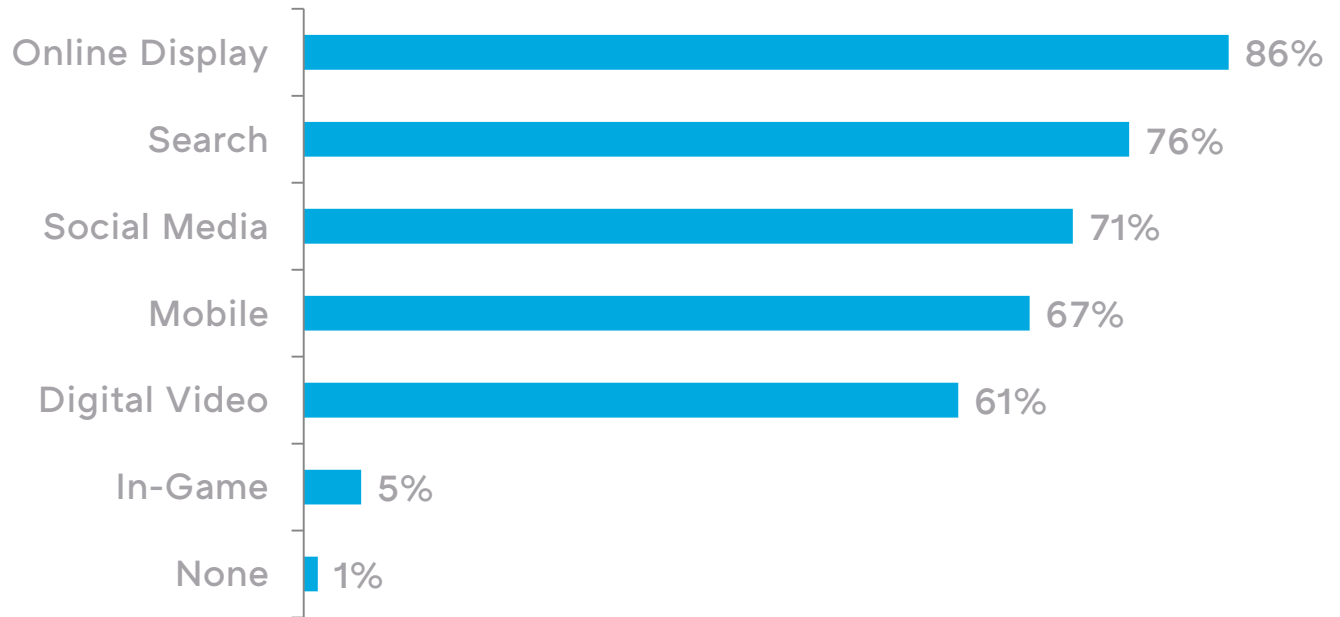
What do you see as the potential benefit of Programmatic buying? (choose all that apply)



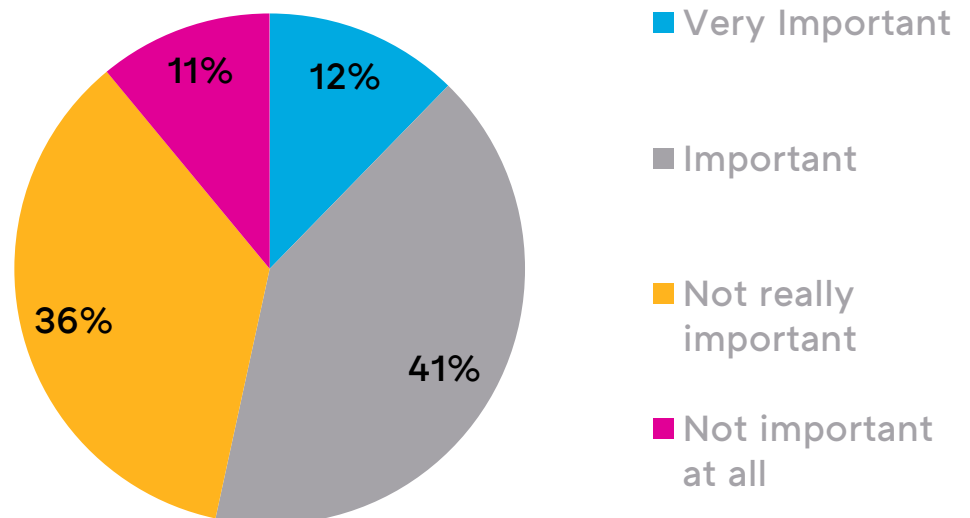
What are your greatest fears associated with Programmatic buying? (choose all that apply)



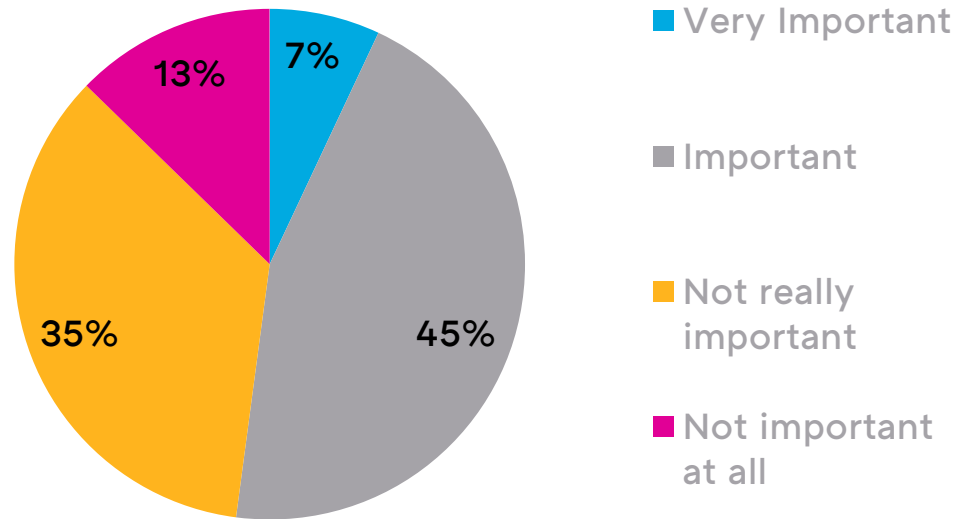
Where do you focus your Digital spend?
(choose all that apply)



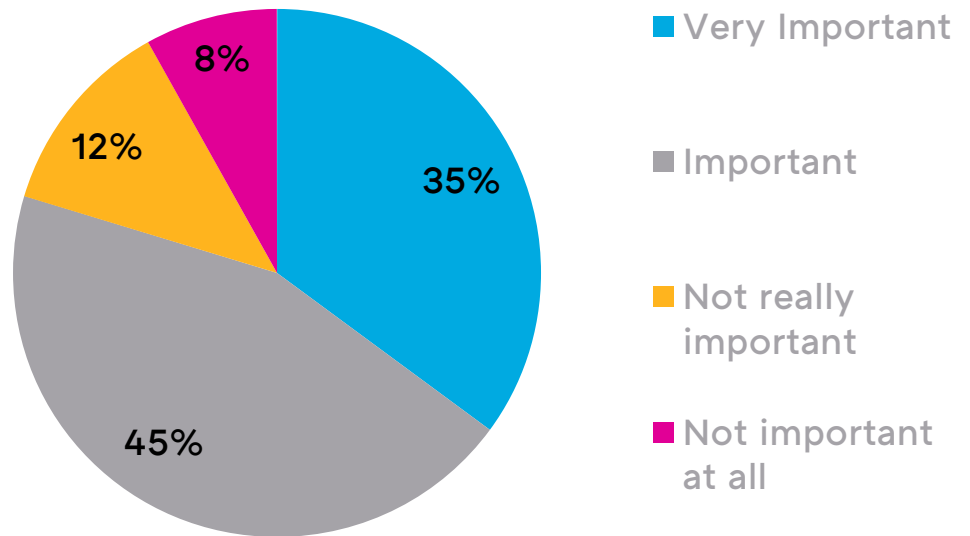
How important is extending your video buy into premium online video from cable/broadcast networks?



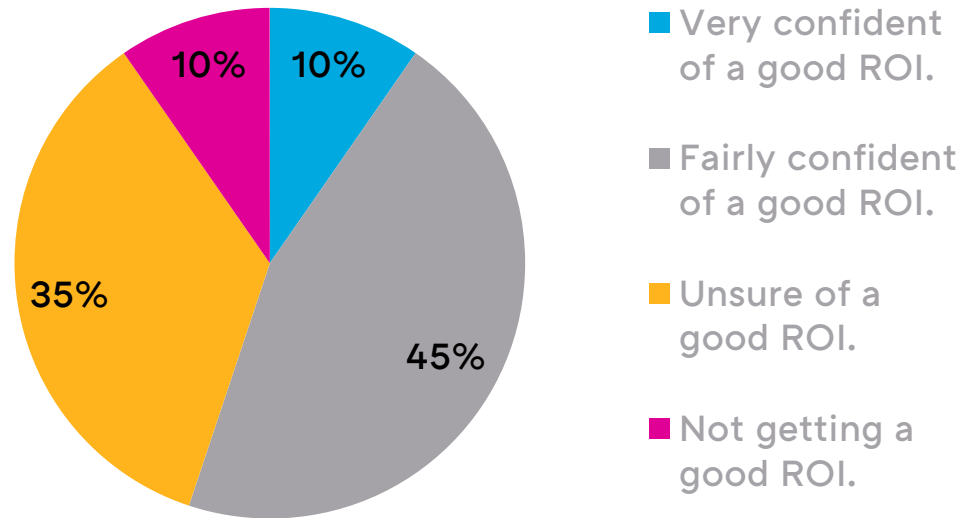
How important is it to access video aggregators/ad networks for additional reach with your online video buy (e.g., YUME, Videology, Tremor etc.)?



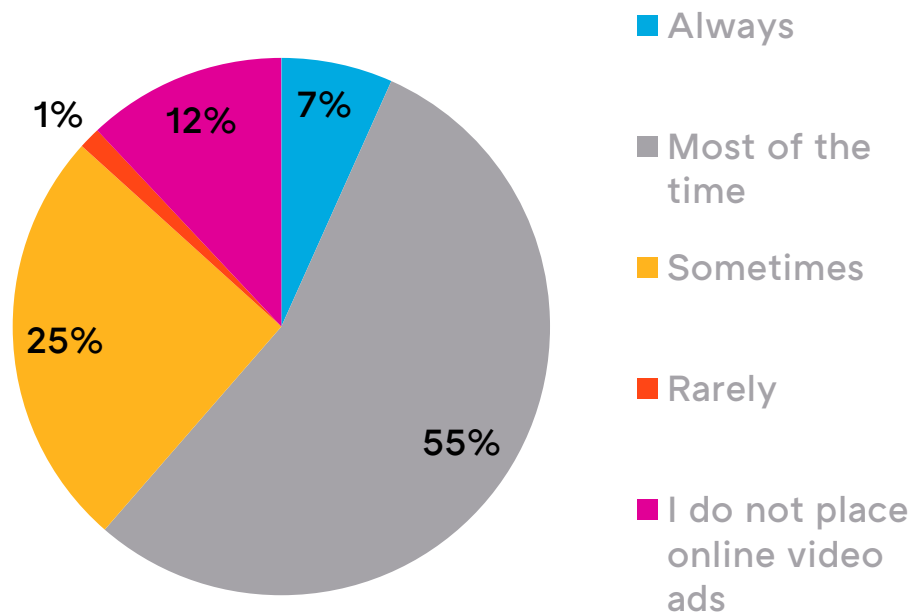
How important is it to access online video sites (e.g., YouTube, AOL, Twitch)?



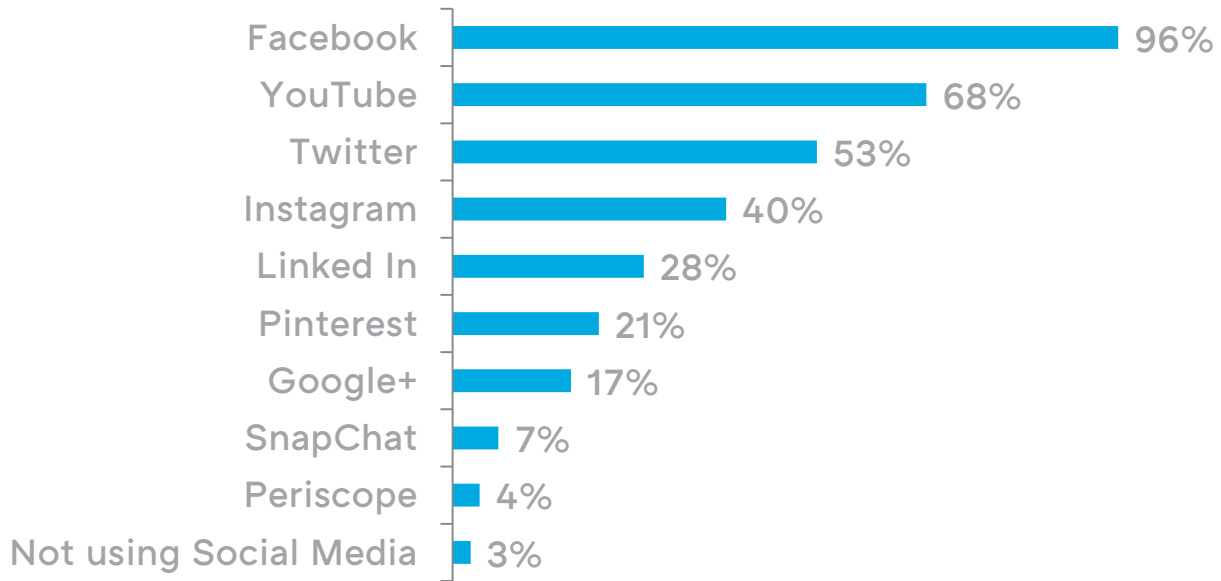
Which best describes your ROI on recent online video ad purchases?



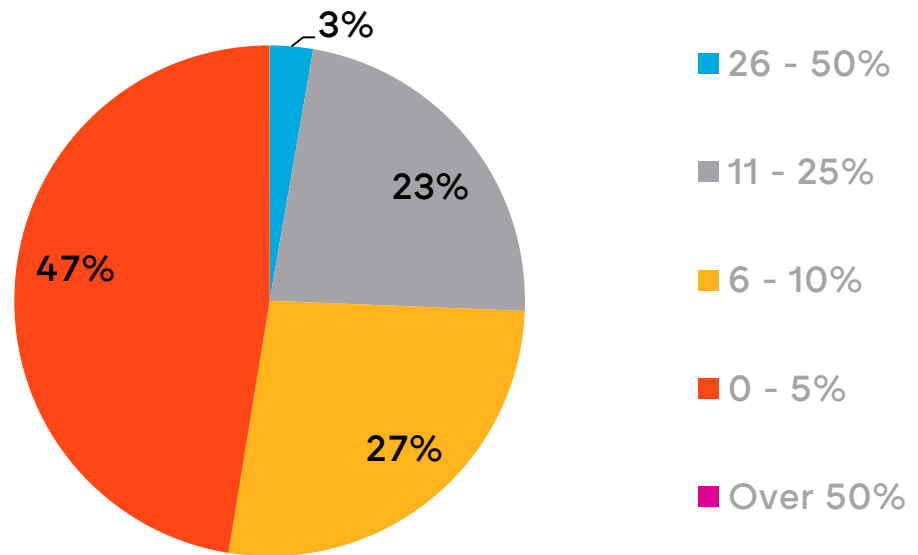
Do online videos ads you place reach their intended audience?



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?

