



Q4 2016 Agency Insight Survey

Agency Confidence Reverses Course and Spikes into 2017

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.

December 21, 2016

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Survey: Agency Confidence Reverses Course and Spikes into 2017

—Digital video gains on traditional TV, passes display for second spot in advertising focus—

CHICAGO, IL (December 21, 2016) – According to a fourth quarter survey of advertising agencies conducted by STRATA, a Comcast company, confidence among agencies heading into 2017 is high. Forty-three percent of agencies report that their business will increase in the first quarter of 2017, while only 11% expect a decrease. Forty-two percent of respondents anticipate the need for additional staff next year, and not a single agency reports plans to reduce staff sizes. This comes in contrast to Q2 this year, which found that the rate of hires was decreasing, and concerns over needing to reduce staff sizes were increasing rapidly.

When asked what the biggest challenges ahead were, 51% stated that their biggest concern was expanding their client roster, followed by determining the right media mix (22%). Only 13% of agencies felt that client retention was their chief concern, reflecting confidence in existing relationships.

The fourth quarter survey found video advertising remains the dominant focus, with 34% of agencies noting their clients' primary focus was local TV & cable. For the first time the survey's history, digital video claimed the second spot, with 27% of agencies responding that it was their primary focus, a 79% increase over the previous year. Display advertising, previously in the second spot, fell to third with 15% reporting it as their clients' main focus.



“At the end of a year that could be defined as turbulent, if nothing else, one of the upsides we’re seeing is the swift reversal in agency outlook and confidence. Earlier this year, we found that agencies had major concerns about budgets and revenue, but we’re now seeing much more optimism heading into 2017,” said Judd Rubin, vice president at Strata. “We’re excited to see how this new confidence impacts advertising strategies next year. Local and cable video continue to be the top focus, but digital video is increasingly coming to the forefront. With mobile advertising and rapidly growing social players like Snapchat also making strides, 2017 could prove to be a very exciting year.”

Though only 6% of agencies report plans to allocate between 26-50% of their budgets to paid social, that’s an increase of 321% compared to the first quarter this year. A majority of agencies report that paid social media accounts for the smallest portion of their budget (0-5%), and 18% percent of agencies noted that it accounted for 11-25% of their budget, an 80% increase over last year.

In terms of which platforms agencies are using in social campaigns, Facebook remains dominant, with 94% planning to use the social network. YouTube, Instagram, and Twitter reclaim their second, third, and fourth spots, respectively. Though Snapchat remains sixth, more than 20% of agencies now plan to use the messaging app, a 58% increase from the second quarter in 2016.

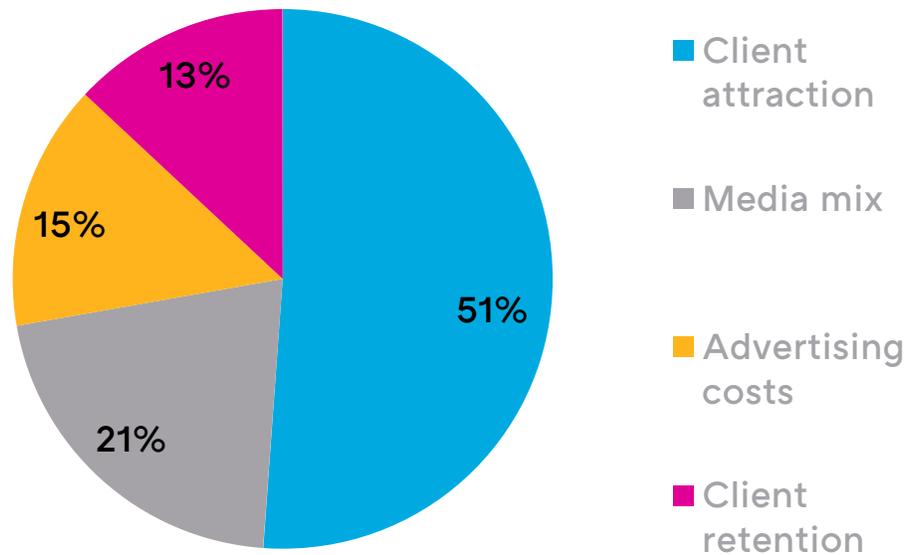
Heading into 2017, responses also indicate increased appetite for programmatic buying options. Thirty-six percent of agencies report that they will be allocating 10-20% of their budgets to programmatic purchasing, a 33% increase over Q2. Another 27% plan to dedicate



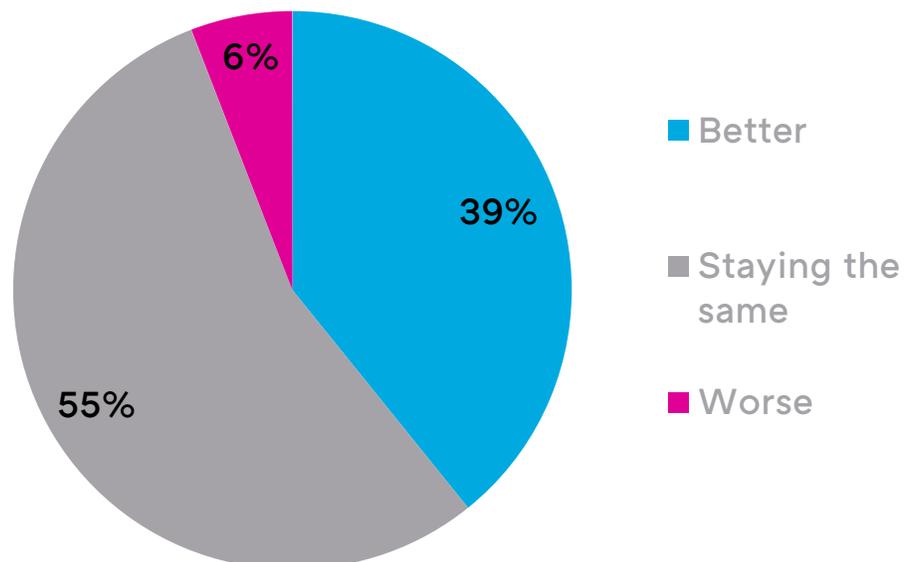
20-40% of their budgets to programmatic, up 43% compared to Q2. The percentage of agencies refraining from programmatic buying decreased as 24% of agencies report that they will not devote any of their budget to programmatic, a 39% decrease from Q2.

Survey Results

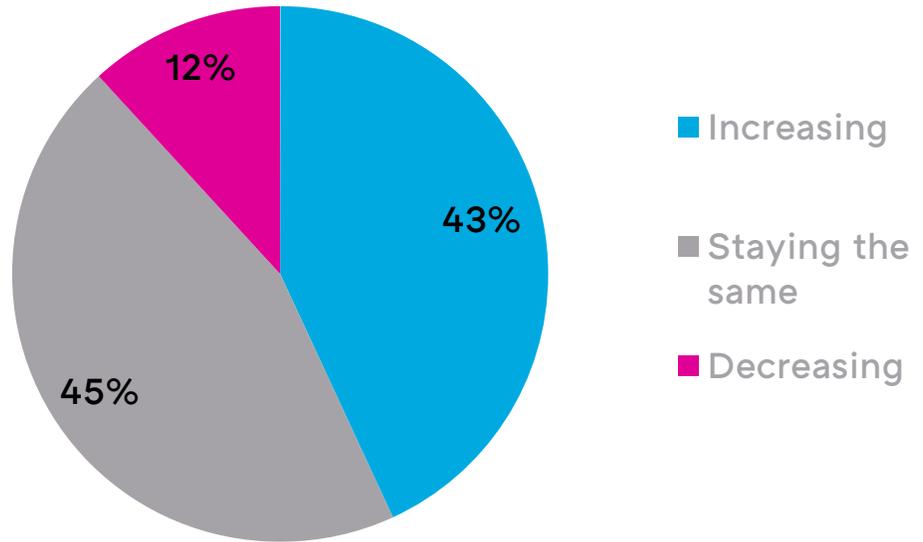
What is your biggest challenge in 2017? (choose one)



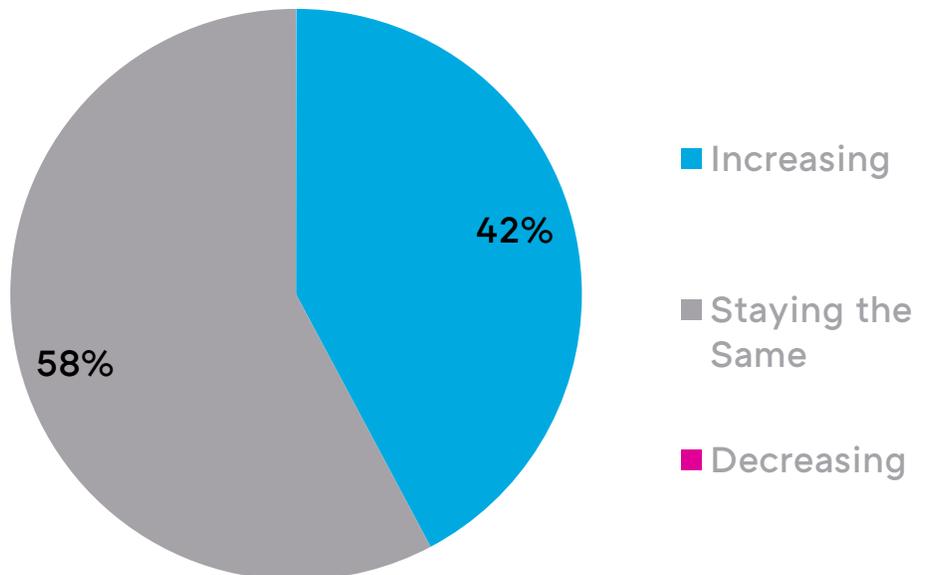
What do you project your growth to be in the first half of 2017?



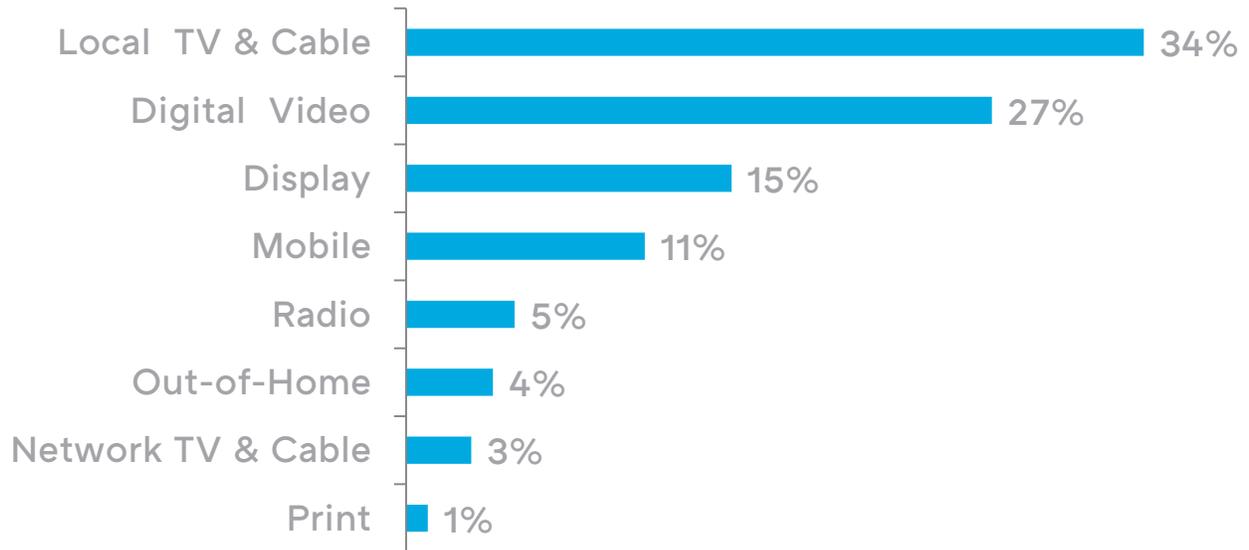
Did you see your business increasing or decreasing in the first quarter of 2017?



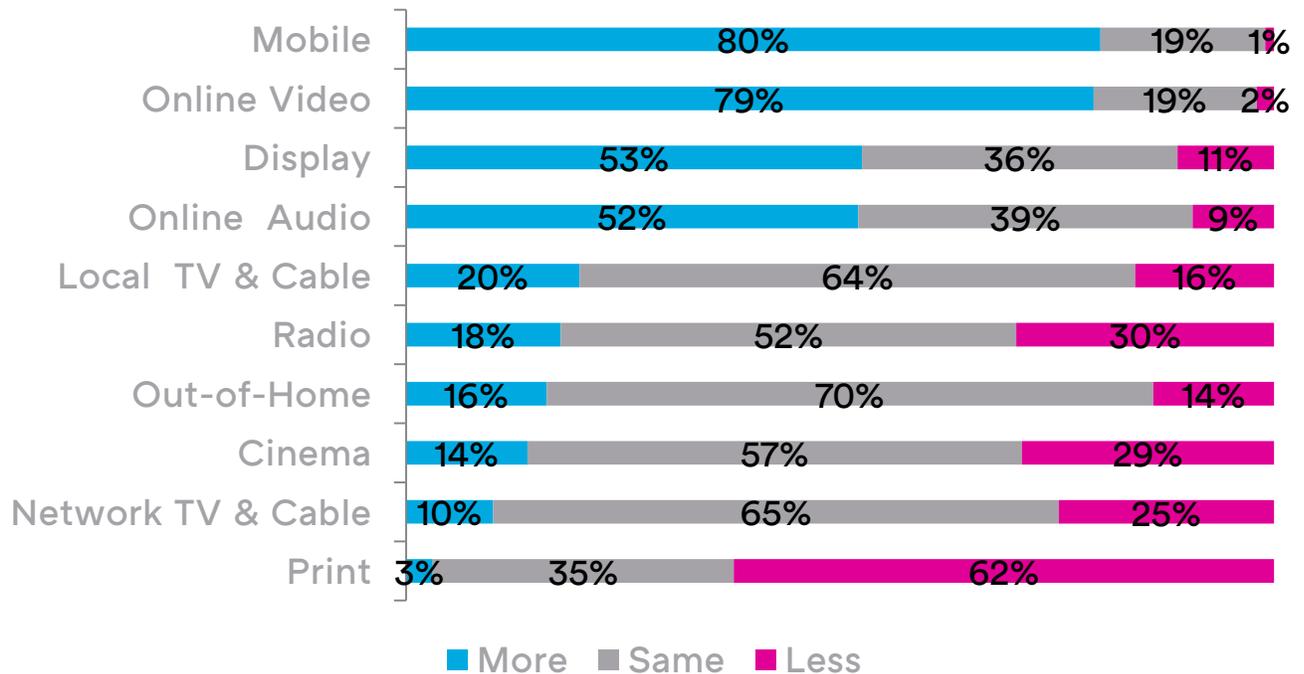
What are your staffing plans for Q1 2017?



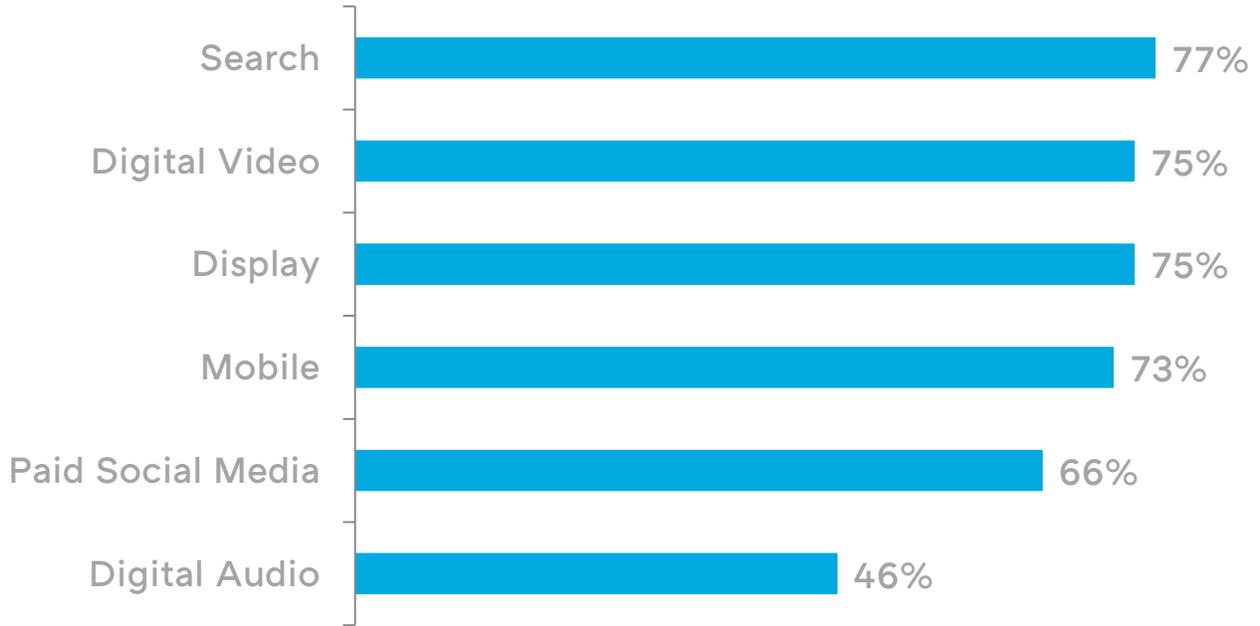
Right now, my customers are most interested in advertising on/in... (one answer only)



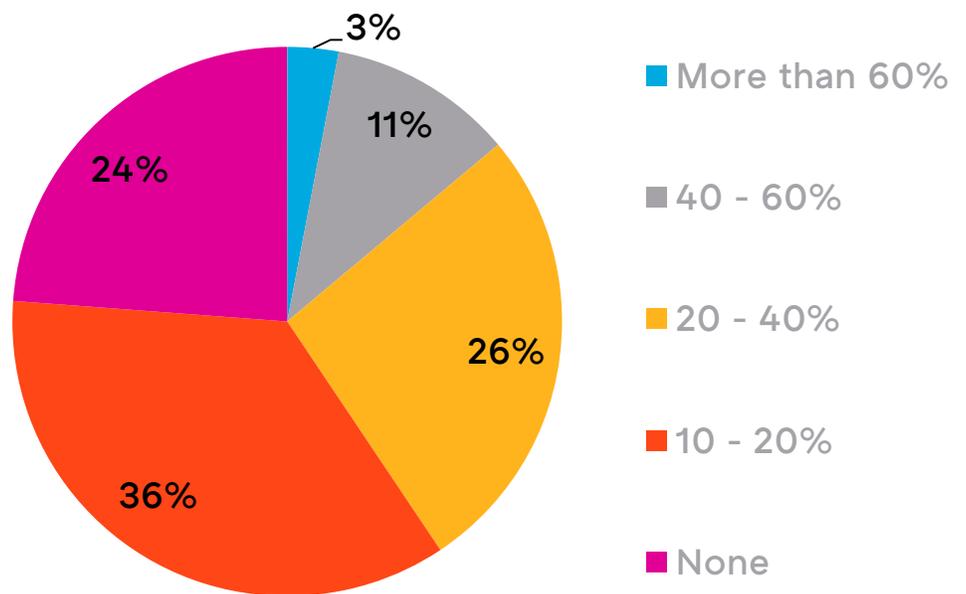
Please rate your clients' interest in advertising on the following media types:



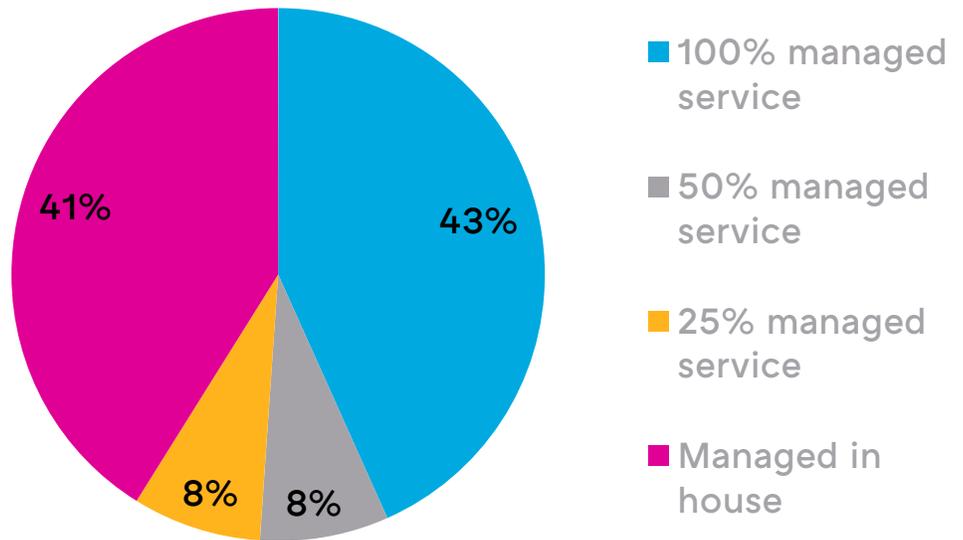
Where do you focus your Digital spend?
(choose all that apply)



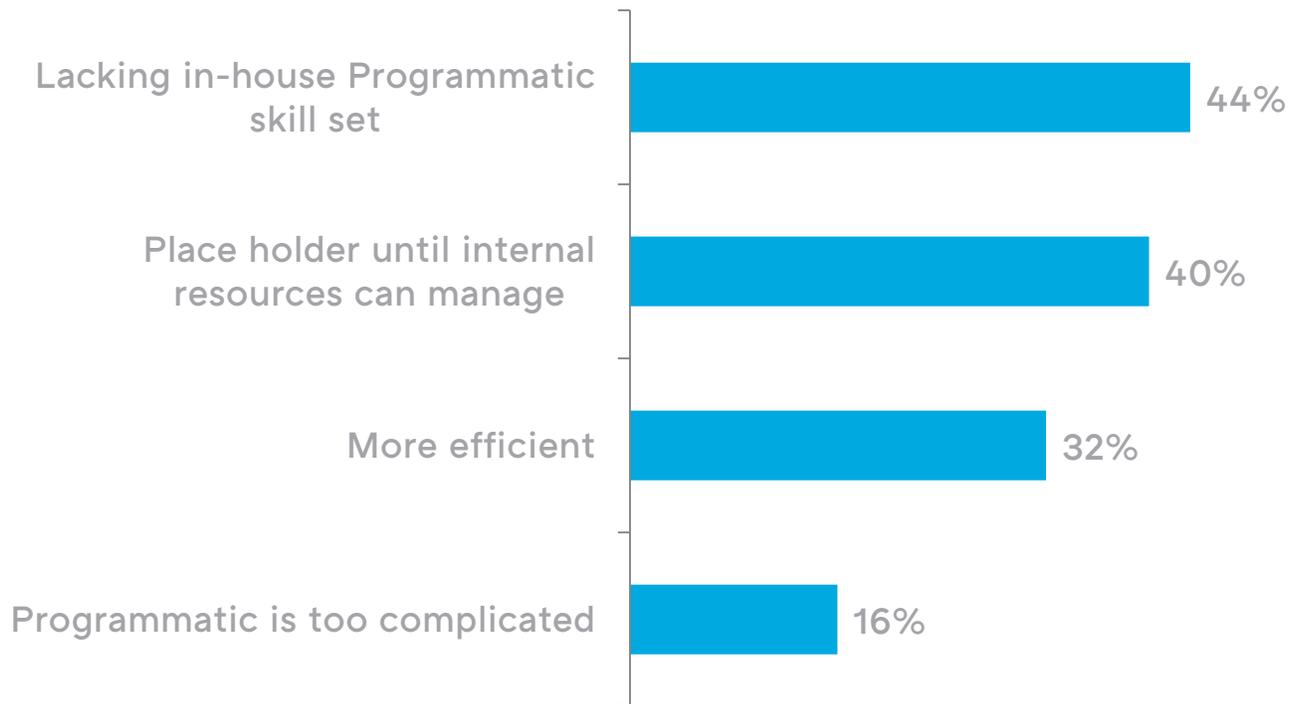
What percentage of your spend is Programmatic buying?



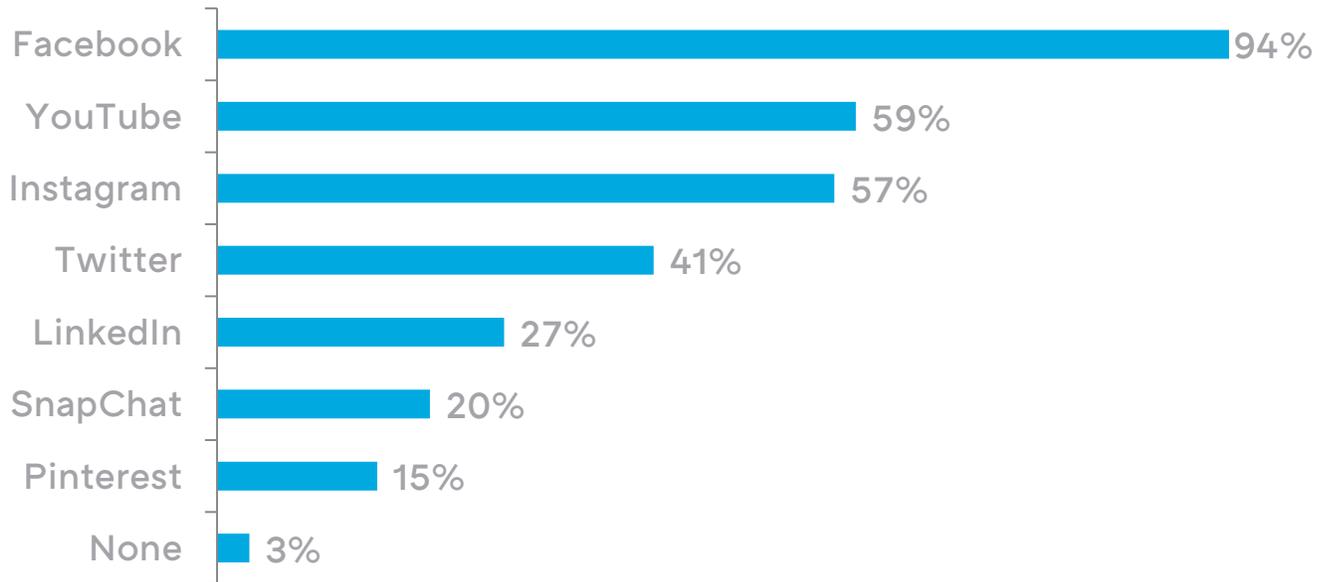
What percentage of your Programmatic buying is through a managed service?



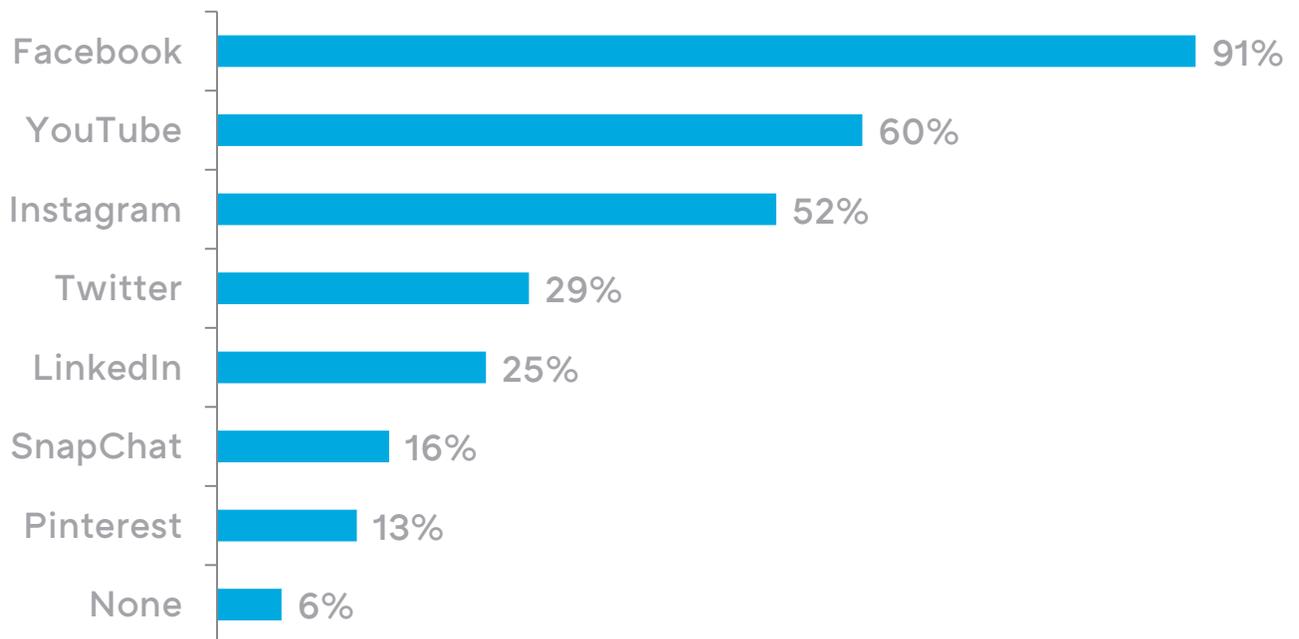
What are the primary reasons you use a managed service? (choose all that apply)



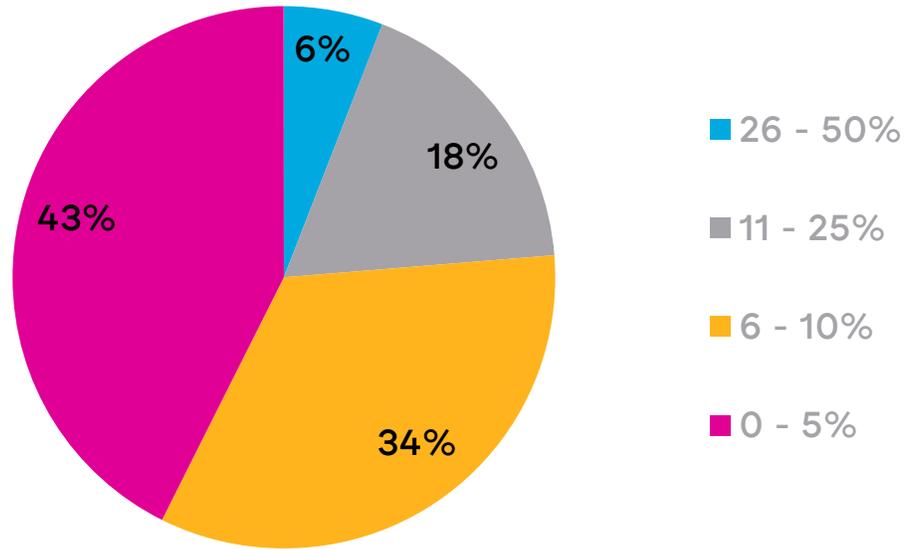
Which Social Media are you most likely to use in your client campaigns? (choose all that apply)



On which social platform are your clients SPENDING money? (choose all that apply)



What percent of overall budgets go to paid Social Media?



Are digital video ads as effective as TV?

