



Q2 2016 Agency Insight Survey

Advertising Agency Confidence Dips Amid Budget Decline

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.

September 14, 2016

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Survey: Advertising Agency Confidence Dips Amid Budget Decline

-- Survey Also Finds Twitter Continues to Fall While Overall Social Ad Spend Increases --

CHICAGO (September 14, 2016) -- A recent second quarter survey of advertising agencies conducted by STRATA, a Comcast Platform Services company, found that agency budgets and hiring remain flat as they see looming headwinds. Agencies report that almost half (49%) of clients are making “considerable” or “minor” budget cuts, while 31% of budgets will remain flat. A quarter of agencies say business will decrease in the second half of the year, the highest percentage seen in the survey since 1Q13. Reflecting budget concerns, only 33% of agencies report they are hiring new staff, a 21% decrease from last quarter, while 56% will keep staff levels steady. However, the percentage of agencies anticipating the need to reduce staff rose by 84% compared to the prior quarter, a 131% increase when compared to 2Q15.

Concerns over client spend spiked by 82% as compared to the same time last year, as 20% of agencies listed it as their biggest challenge this quarter. The leading concern for a majority of agencies (26%) was attracting clients, followed by media mix (21%).

Despite trepidations over the advertising economy, social media ad spend has increased, while the gap widened between Twitter’s utilization against its peers. The percentage of agencies spending less than 5% of their budgets on social media dropped to the lowest amount in the history of the STRATA survey to 27% of



agencies. In total, 69% of agencies are devoting between 6-25% of their budgets on paid social.

Twitter remains in fourth place in the survey for the second straight quarter, as 49% of agencies are using the platform in their ad campaign, a 13% drop from last quarter. Instagram fell 10%, but has the interest of 57% of agencies to remain in third place, following YouTube (78%) and Facebook (97%).

“It is somewhat surprising to see this level of pessimism among ad agencies as we head into the heart of the presidential election and holiday shopping season,” said Judd Rubin, STRATA vice president of revenue. “A bright spot is the continued growth of social media ad spend, which may be partly due to both continued strides in that space and the fact that agencies are looking for more affordable ways to spend their clients’ budgets.”

Programmatic ad buying is capturing a larger share of ad spend as 12% of agencies plan on executing 40-60% of their buying programmatically, a 90% increase from a year ago. Another 28% of agencies intend to carry out between 10-20% of business programmatically.

Video advertising continues to lead agency focus, as more feel confident in its ROI. The survey found 68% of agencies are using video (both traditional and streaming) as their primary tool. Seventy-seven percent of agencies are focused on online/streaming video, the largest amount in survey history. Digital video now also leads the digital category, surpassing social as the leading area of focus within the digital category with 70% of agencies utilizing digital video, up 25% from a year ago, compared to 67% for social.

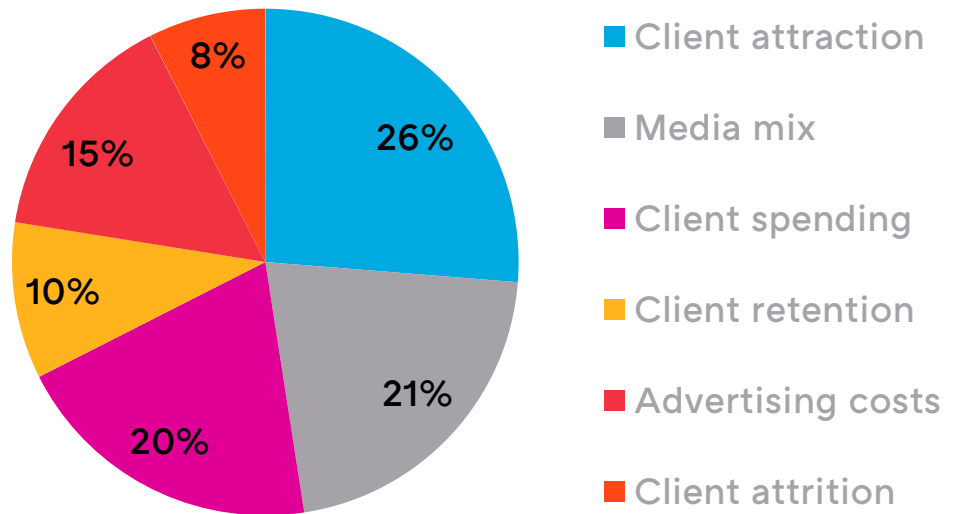
For their ROI, 59% feel fairly confident they are getting a good value for their money with their recent online



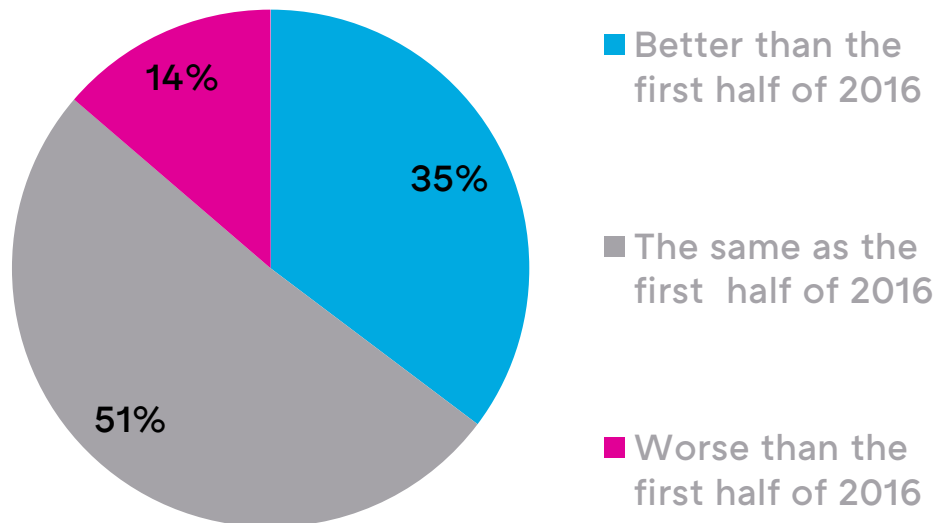
video ad purchases, a 21% increase over the previous quarter. Thirty-four percent of agencies said they trust programmatic buying to properly or accurately execute their online/streaming video orders, up 41% from last quarter.

Survey Results

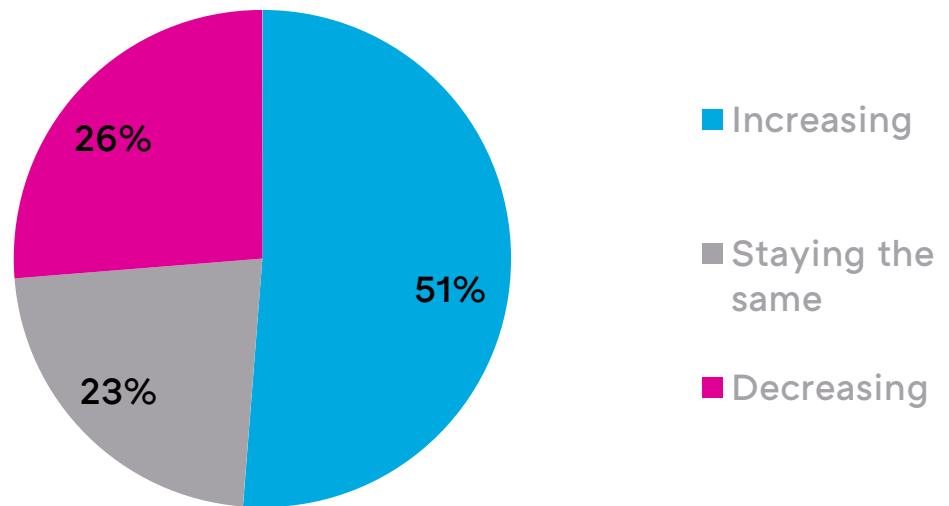
What is your biggest challenge in 2016?



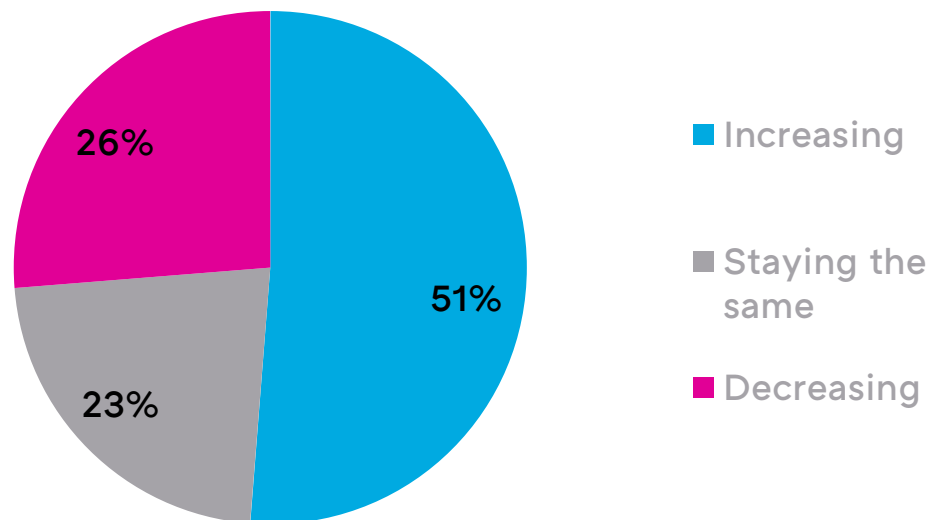
What do you project your growth to be in the second half of 2016?



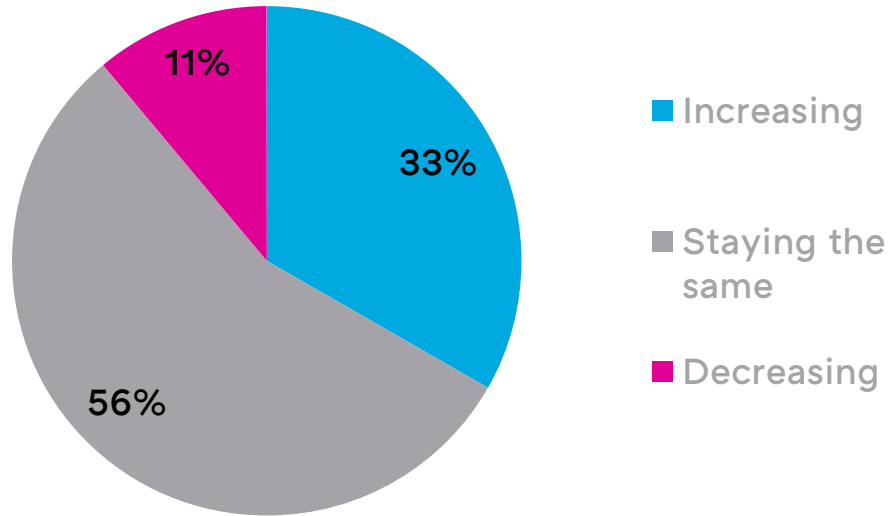
Did you see your business increasing or decreasing in the second quarter of 2016 over the same time last year?



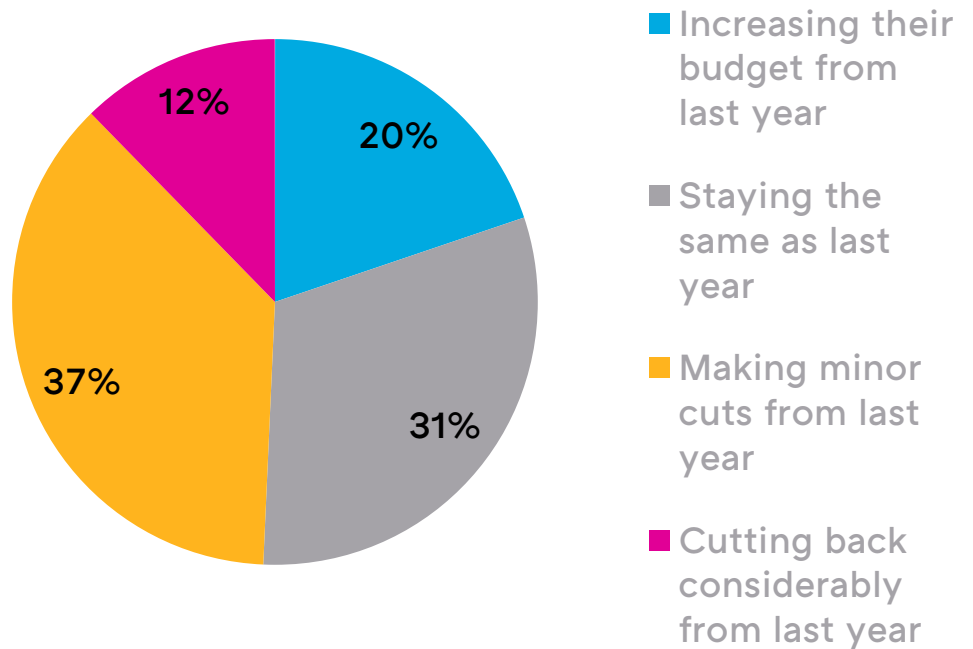
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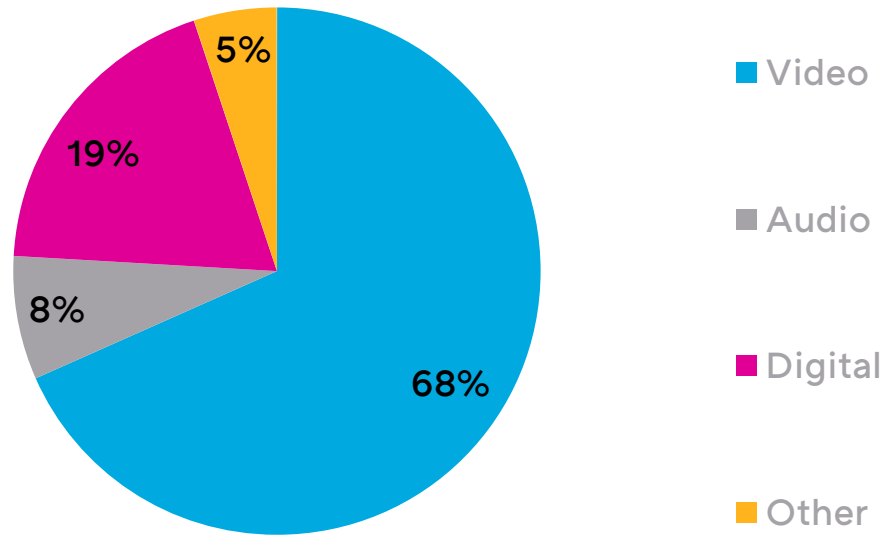
What are your staffing plans for 2016?



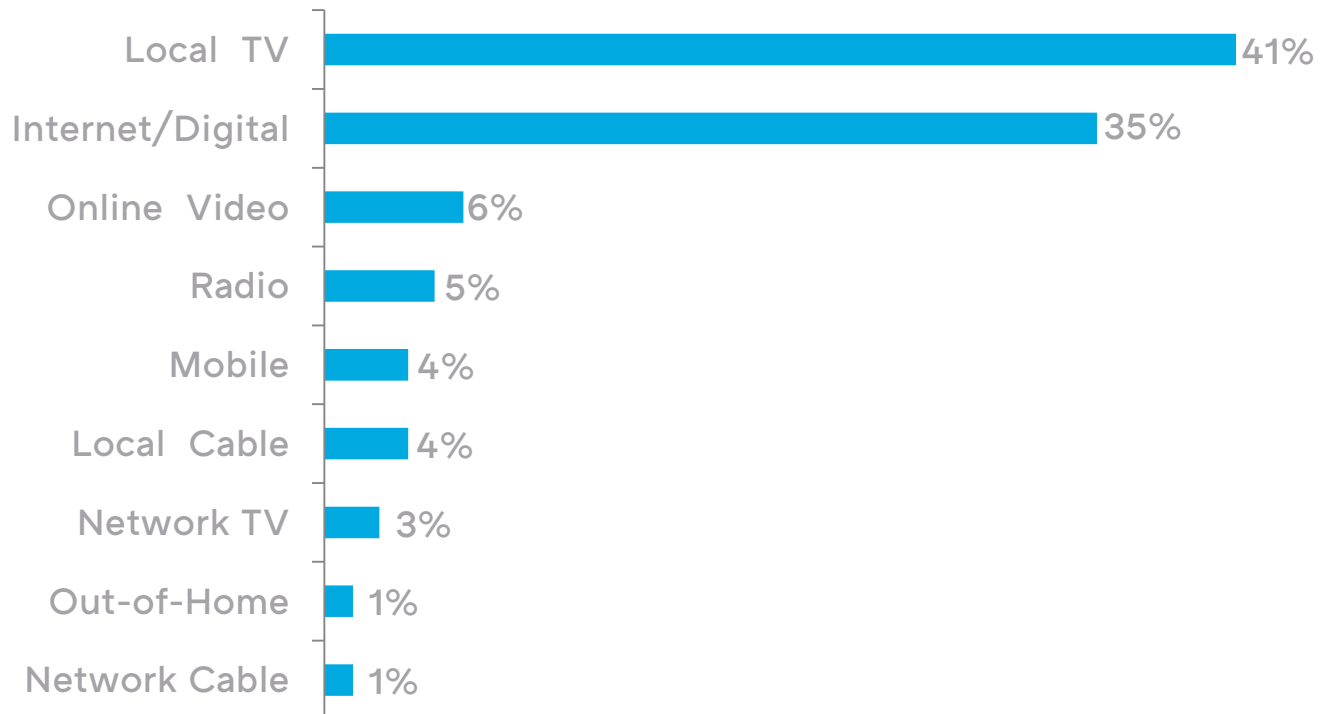
On average, how do you see your customers approaching their Marketing/Advertising planning this year?



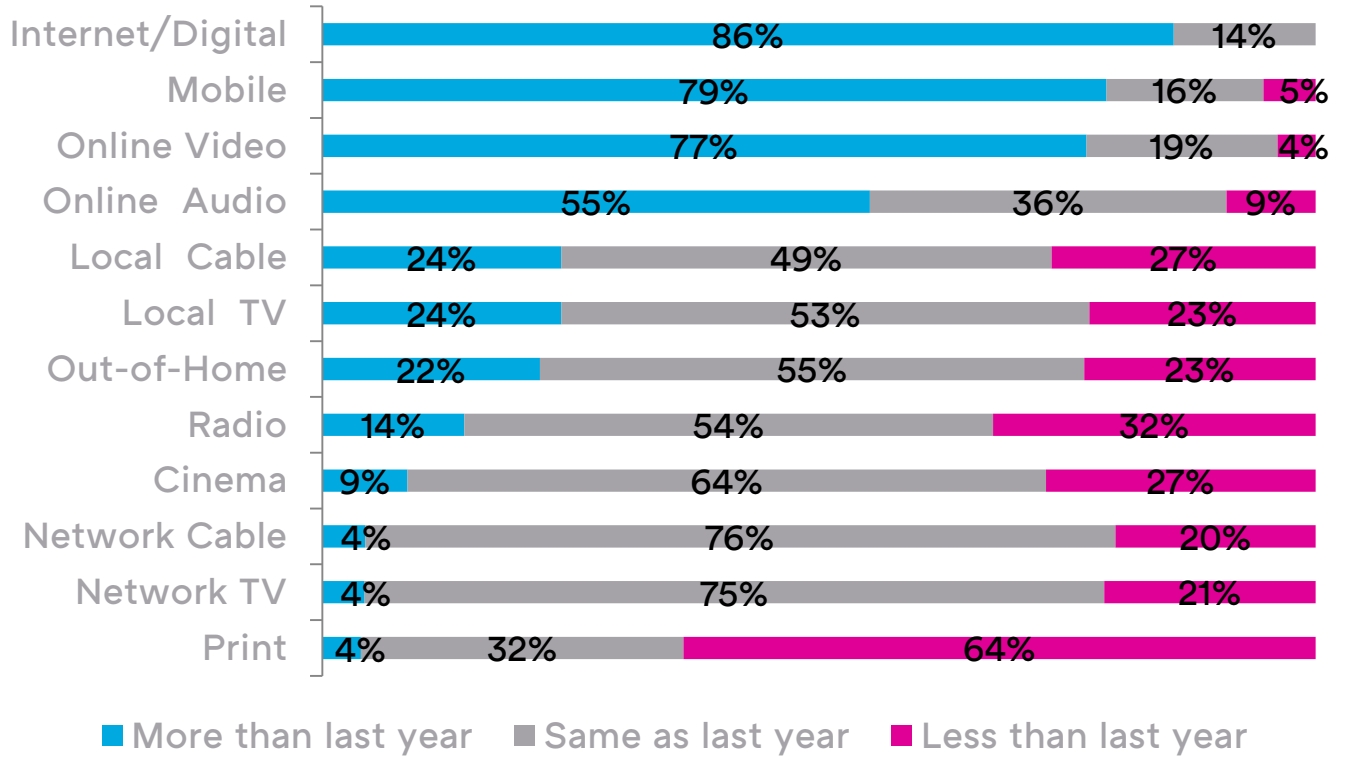
Our clients' main emphasis for campaigns is:



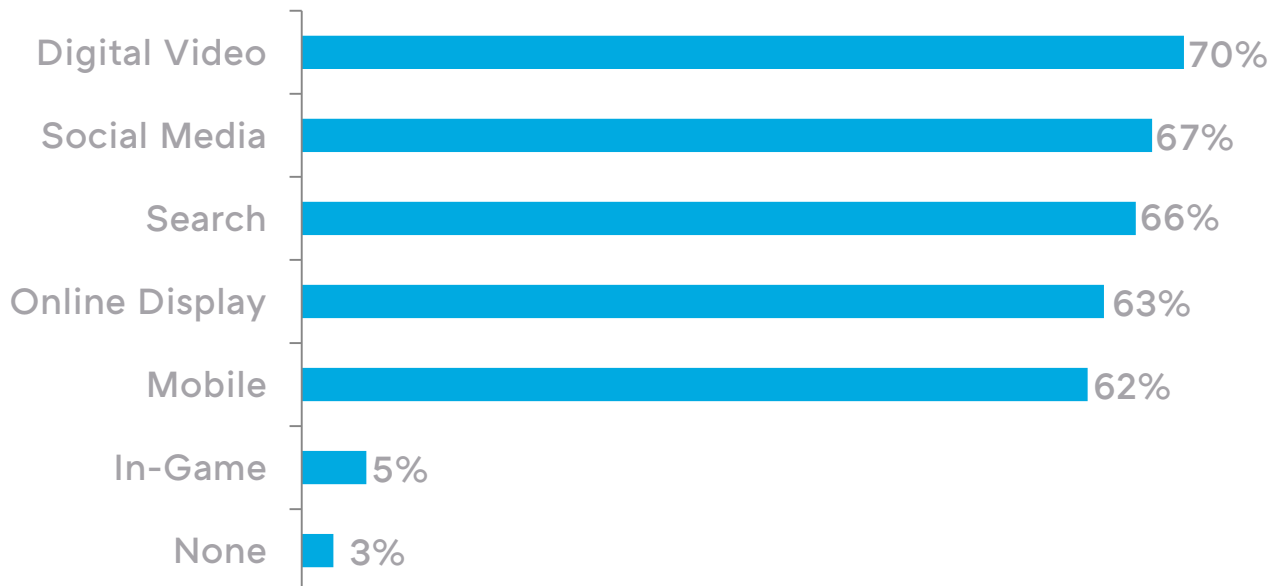
Right now, my customers are most interested in advertising on/in... (one answer only)



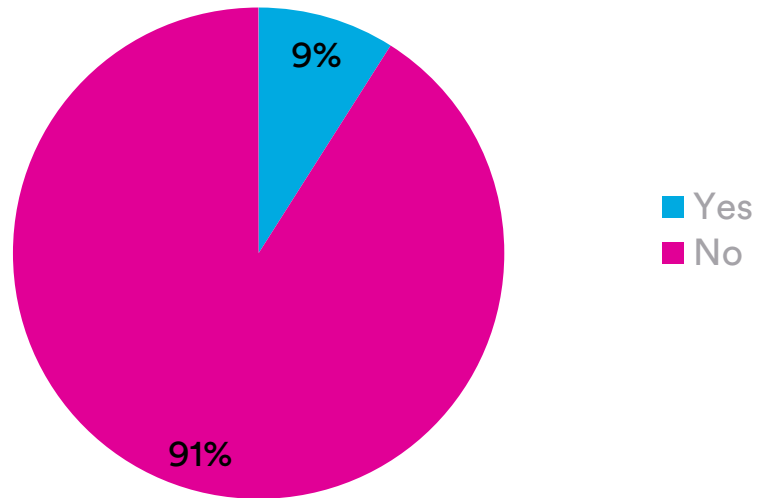
Please rate your clients' general interest in advertising on the following media types: (choose one for each)



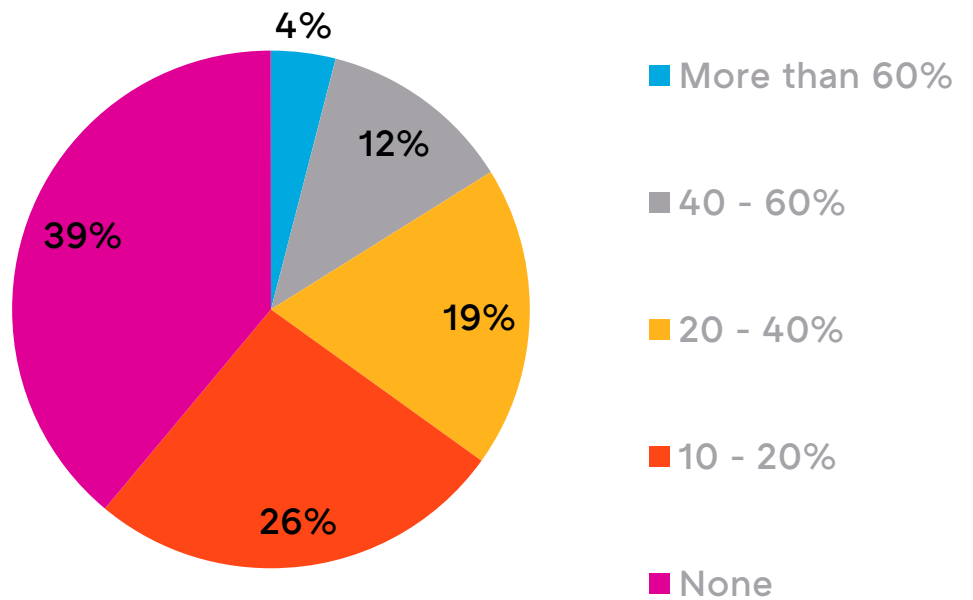
Where do you focus your Digital spend? (choose all that apply)



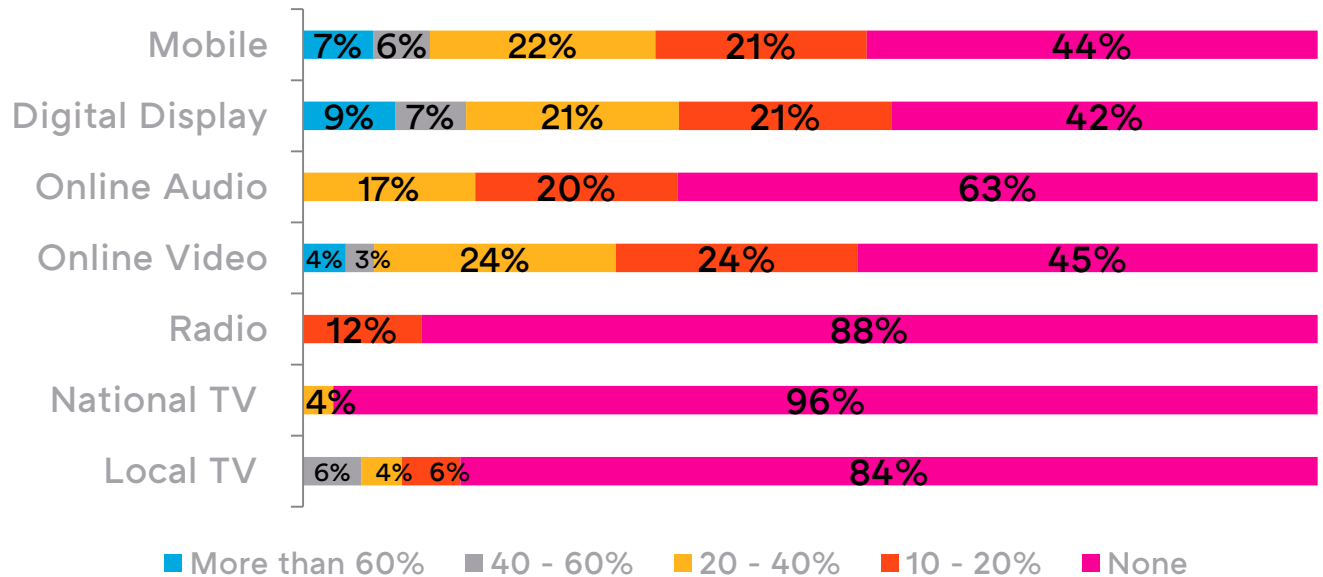
Do you plan on using (or mentioning) Pokemon Go as part of your advertising campaigns?



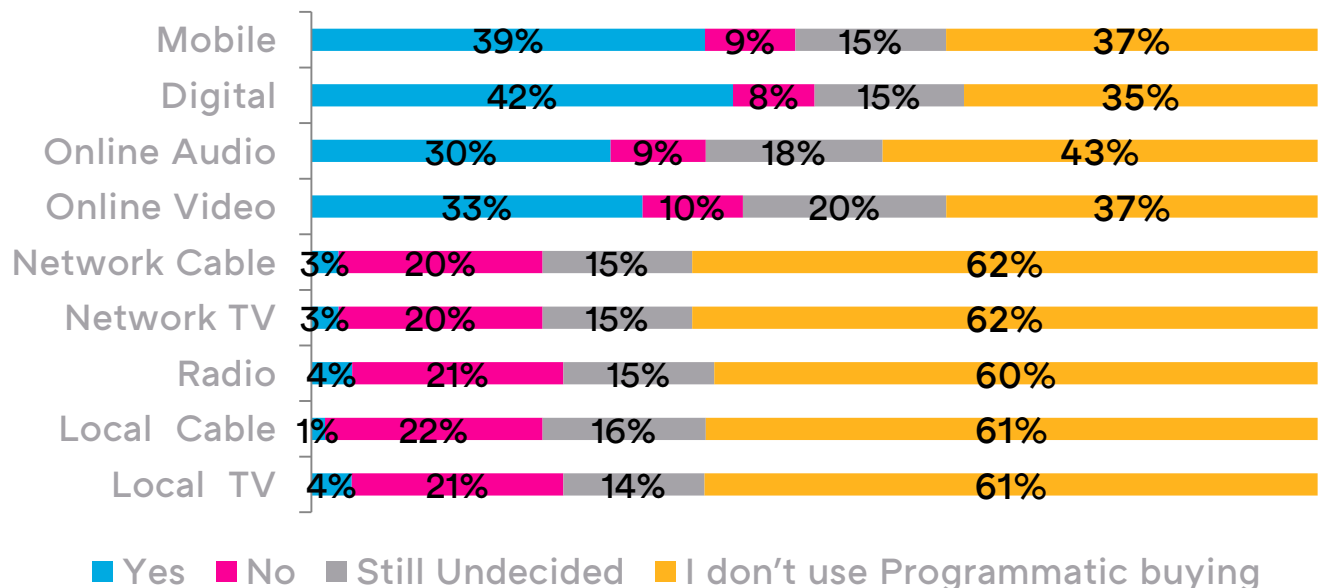
What percentage of your business do you intend to carry out with Programmatic buying?



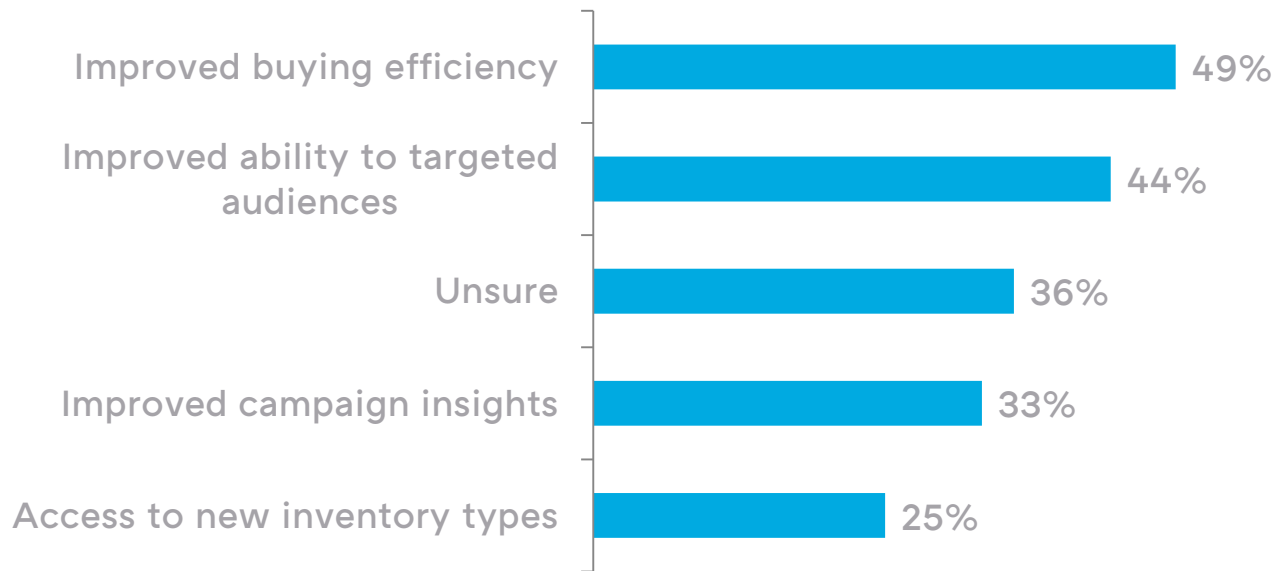
What percentage of your Programmatic ad spend will you allocate to each of the following media types? (choose one for each)



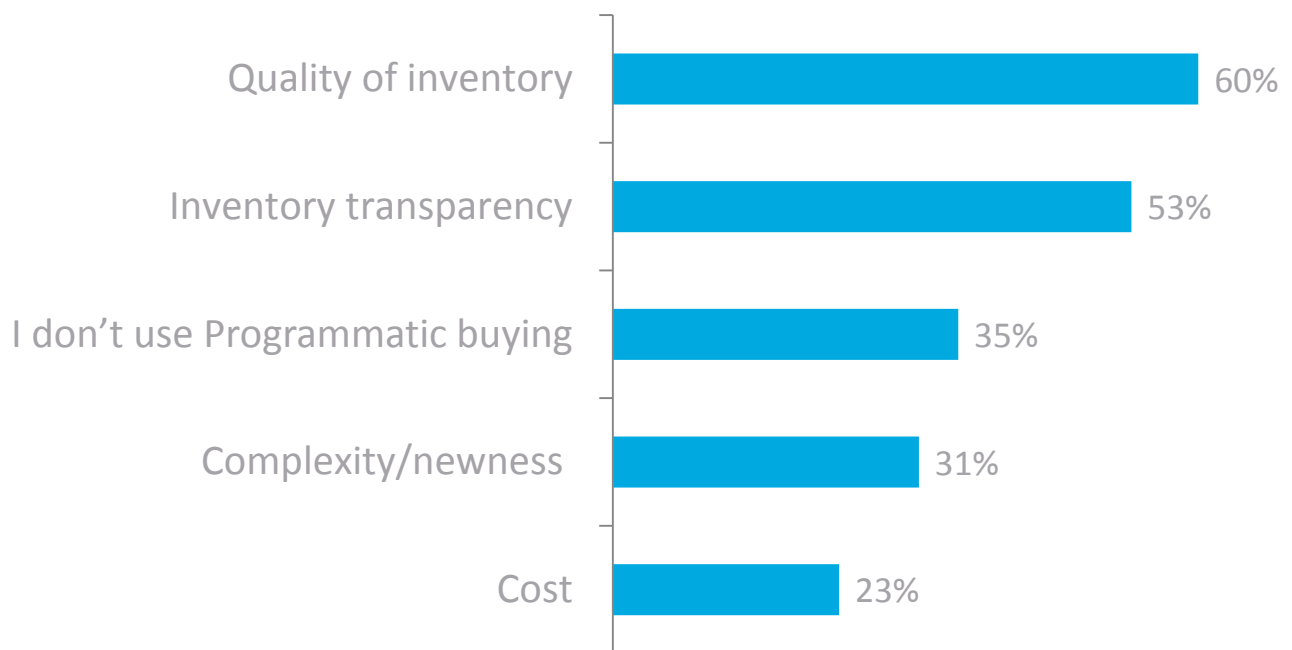
Do you trust Programmatic buying to properly or accurately execute your ad orders in the following advertising media? (choose one for each)



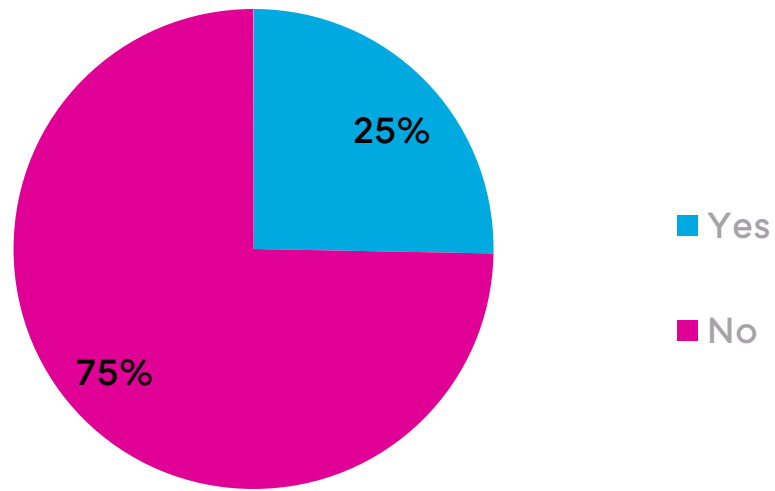
What do you see as the potential benefit of Programmatic buying? (choose all that apply)



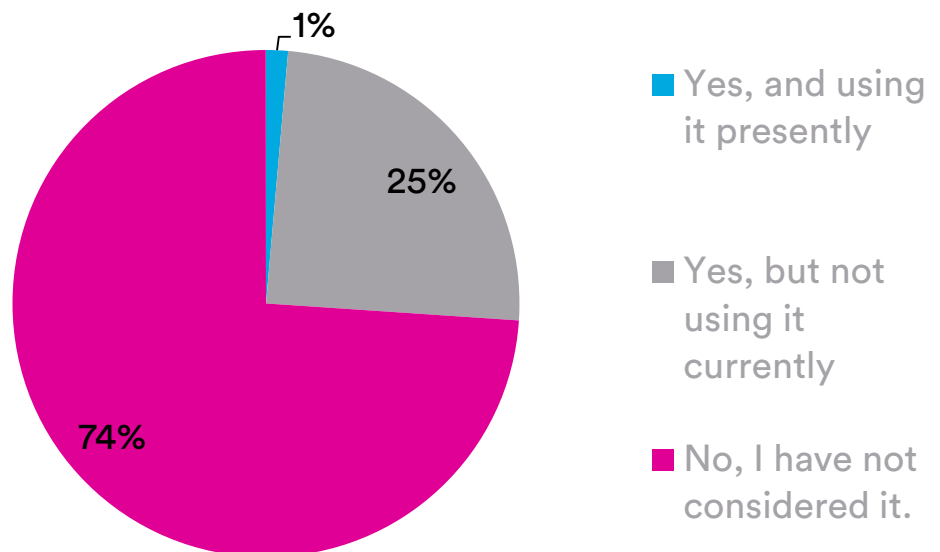
What are your greatest fears associated with Programmatic buying? (choose all that apply)



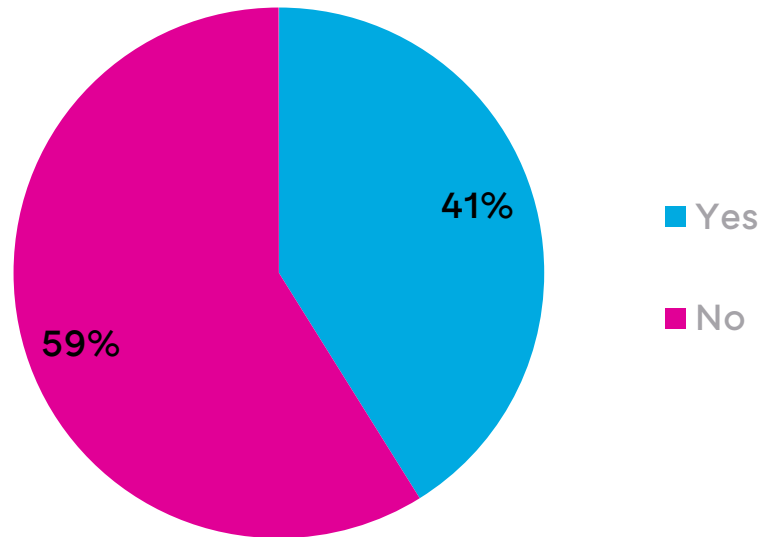
Are you familiar with Automated Guaranteed? (Sometimes called Programmatic Guaranteed, Programmatic Guaranteed media, Programmatic Reserved)?



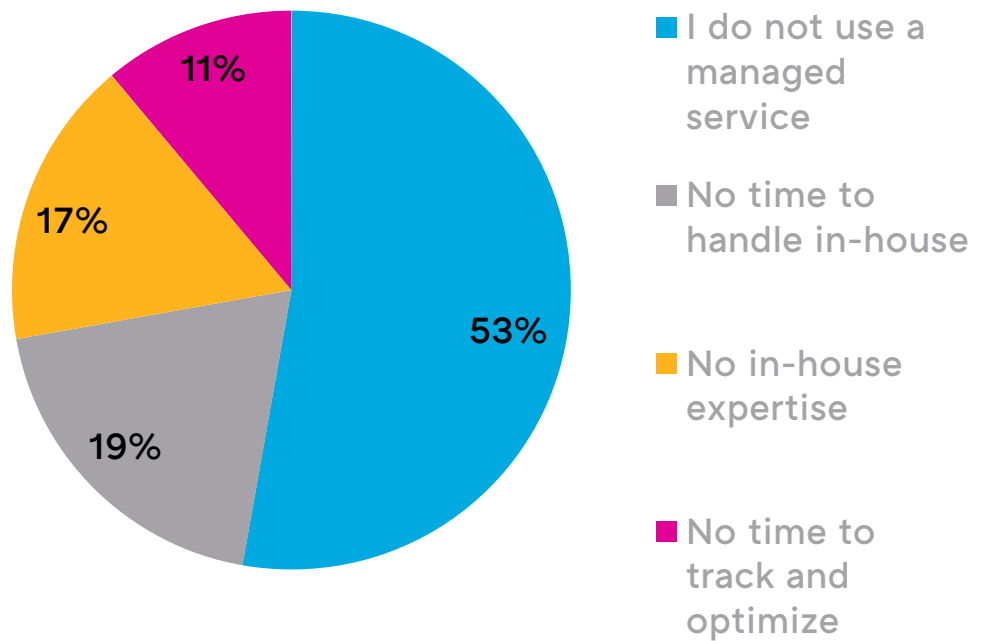
Have you considered using Automated Guaranteed for your Programmatic purchases?



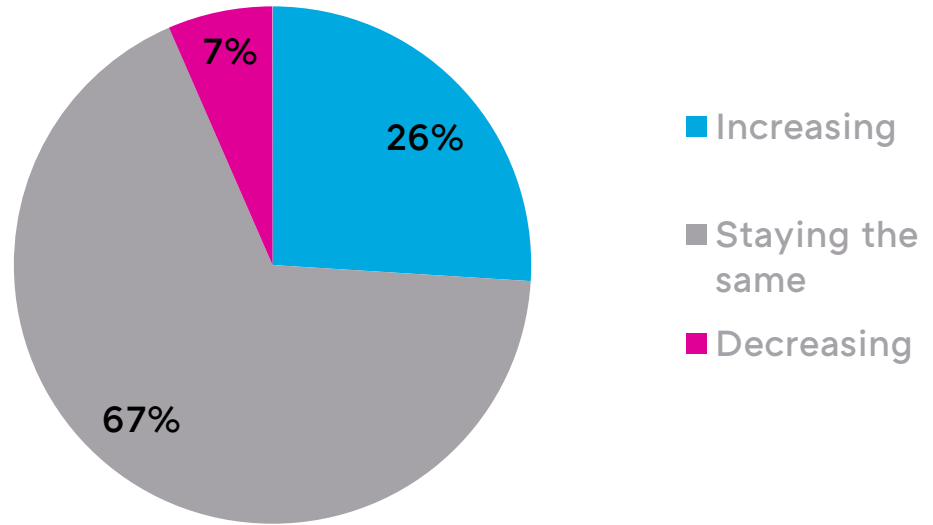
Do you use a managed service to handle Programmatic buys?



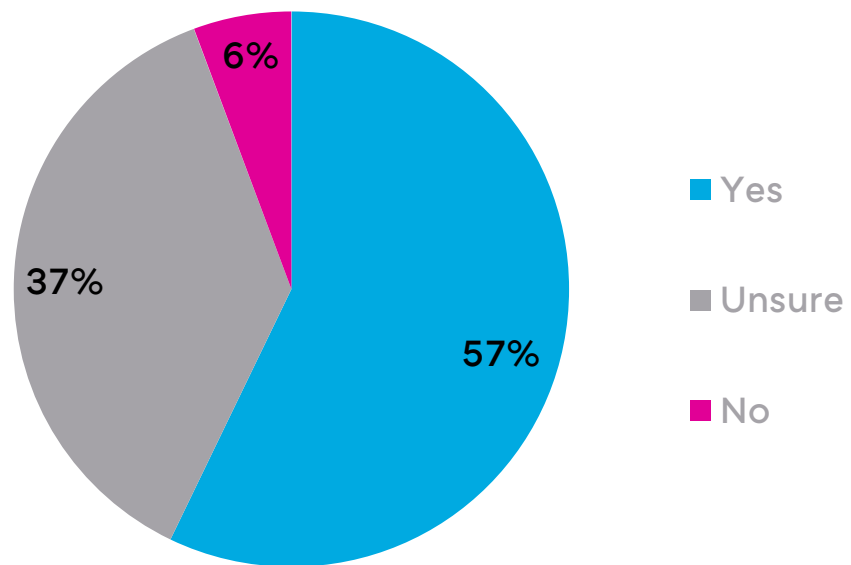
What is your main reason for outsourcing your Programmatic buys through a managed service?



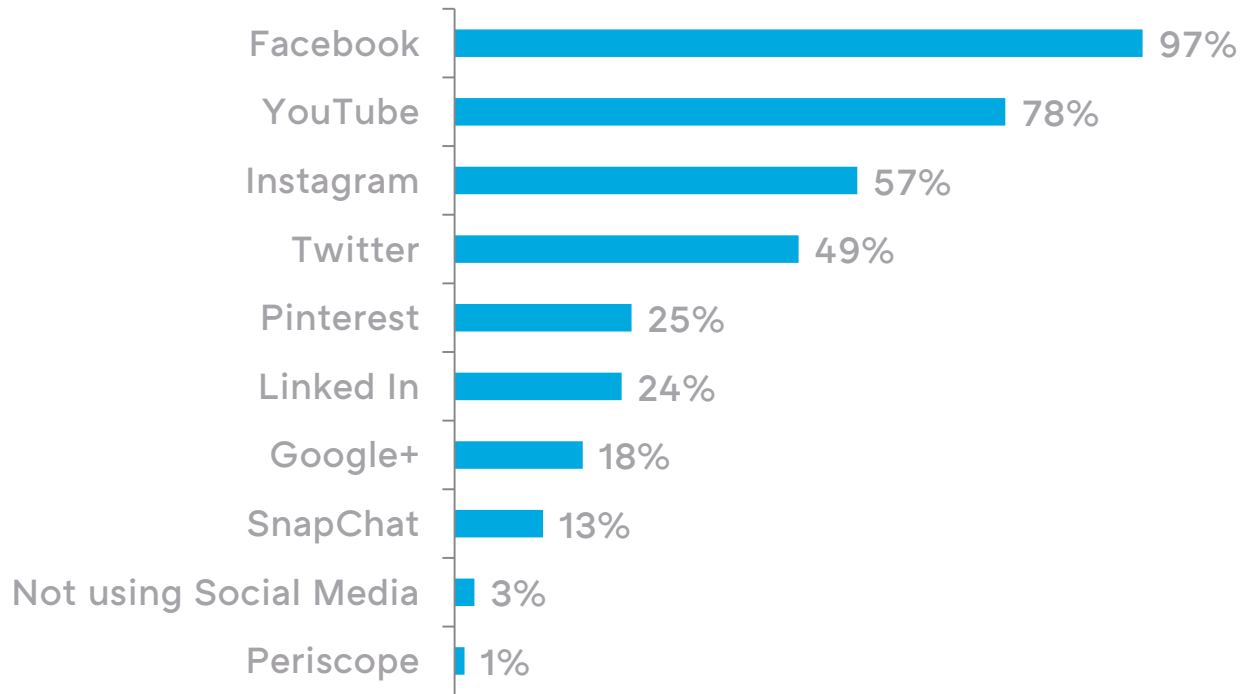
Is your managed service budget:



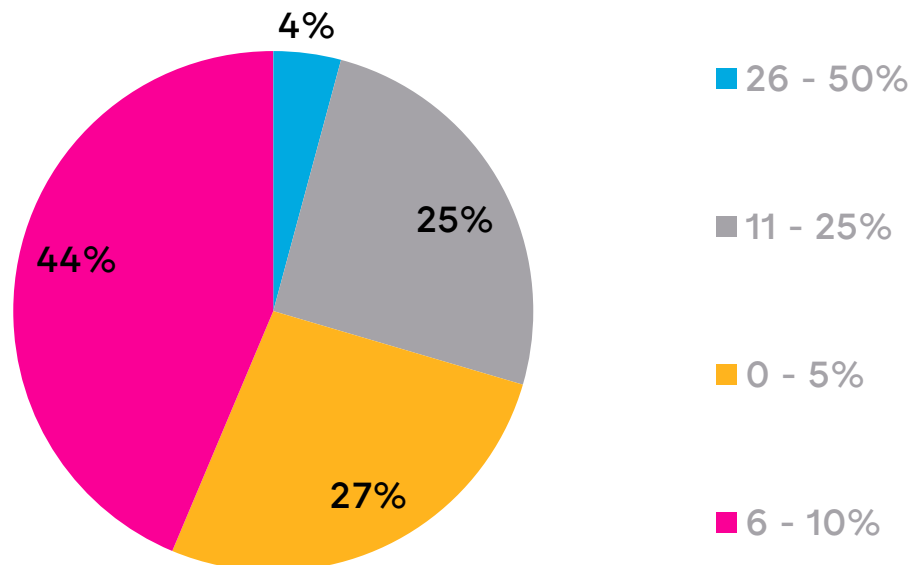
If there were easy tools, would you want your buyers to decrease managed service buys and execute in-house?



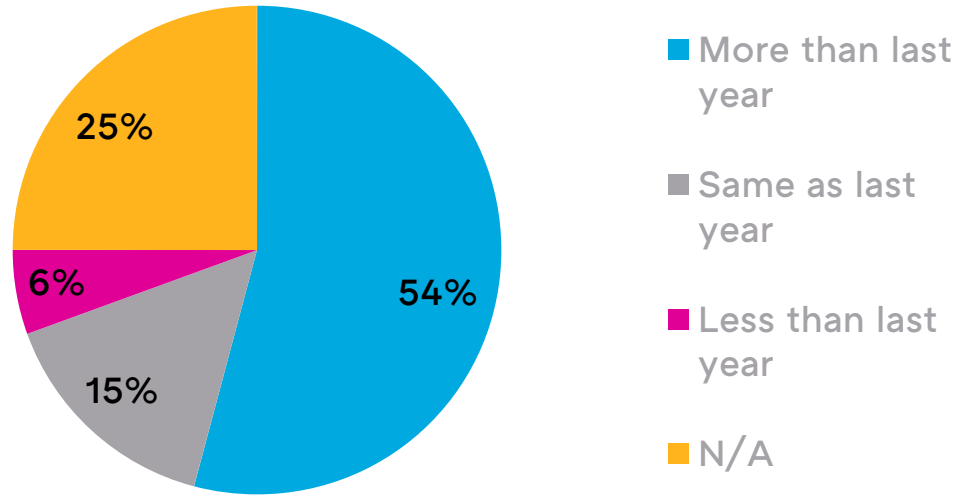
Which Social Media are you most likely to use in your client campaigns? (choose all that apply)



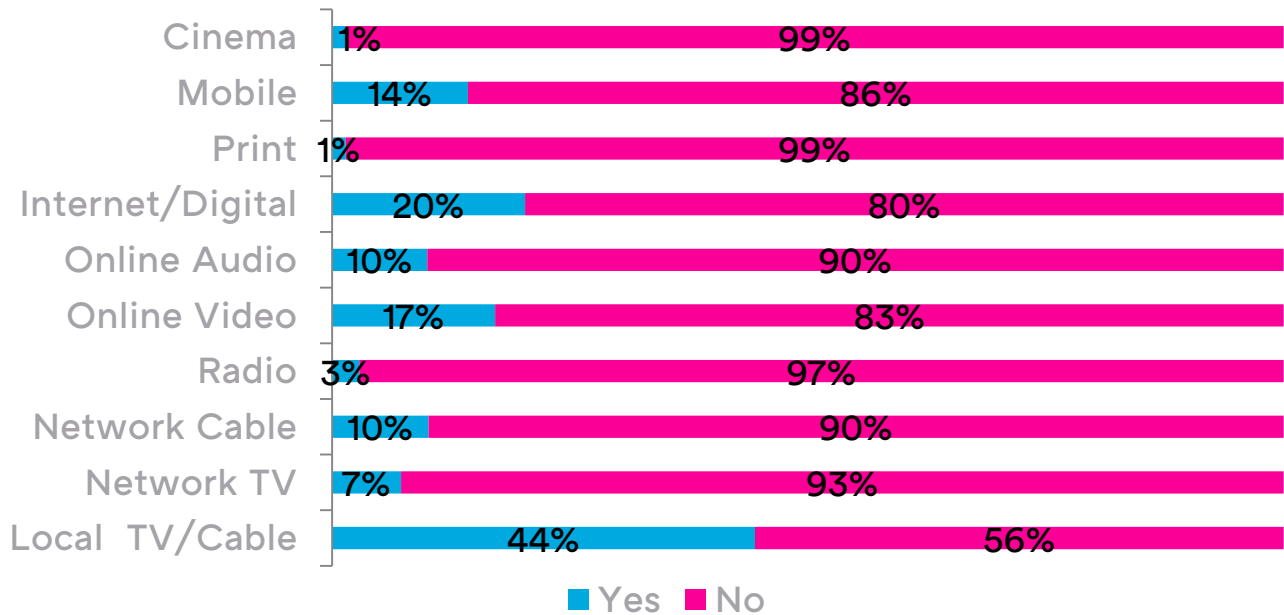
What percent of overall advertising budgets are your clients allocating to paid Social Media?



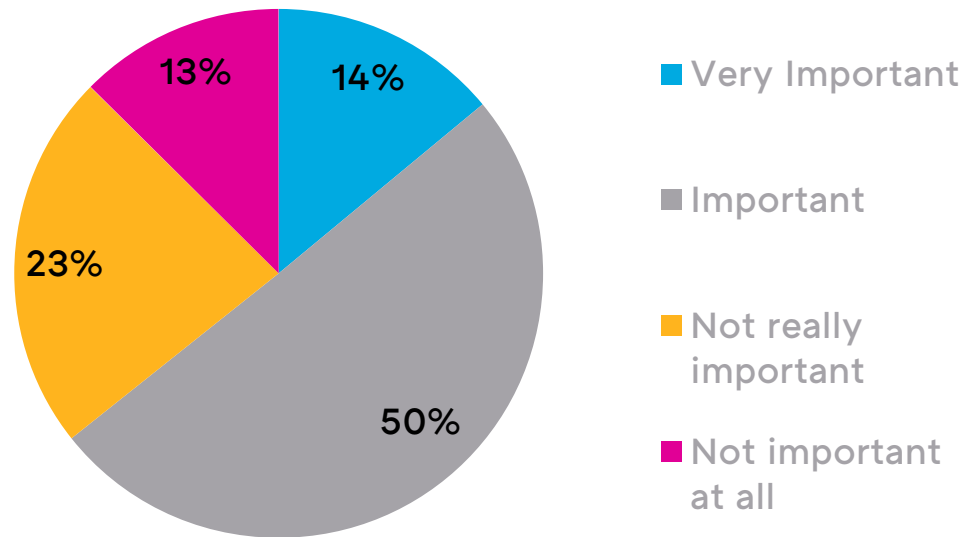
Generally speaking, my clients' interest in Live Streaming tools (in Facebook, Twitter, or other) in a current or upcoming campaign is...?



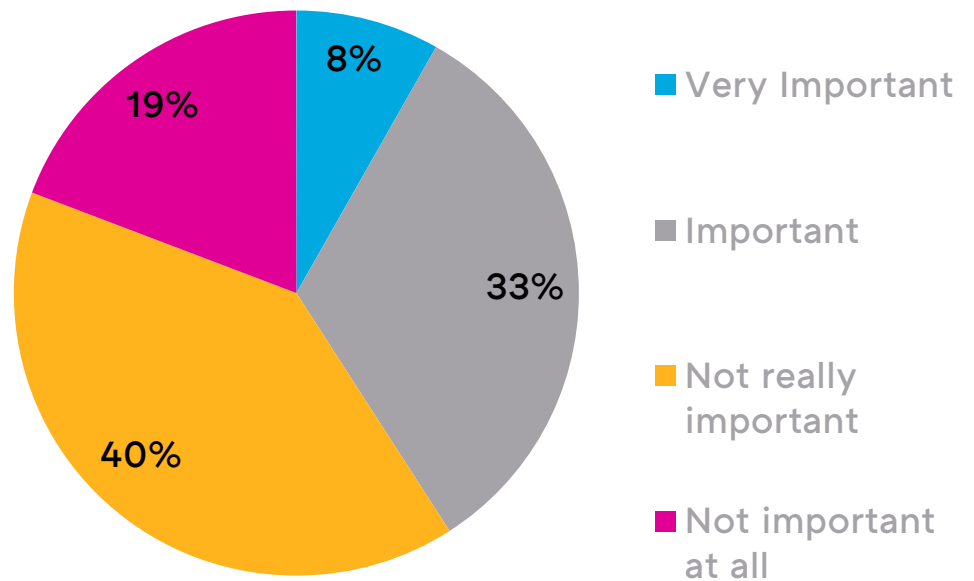
Do you plan on using or mentioning the Summer Olympics as part of your advertising campaigns in the following categories? (Choose one for each)



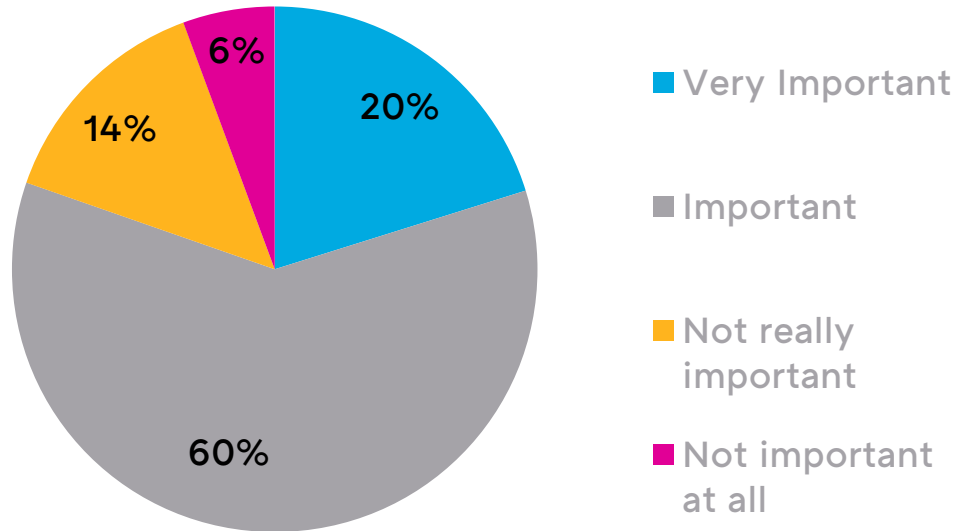
How important is extending your video buy into premium online video from cable/broadcast networks?



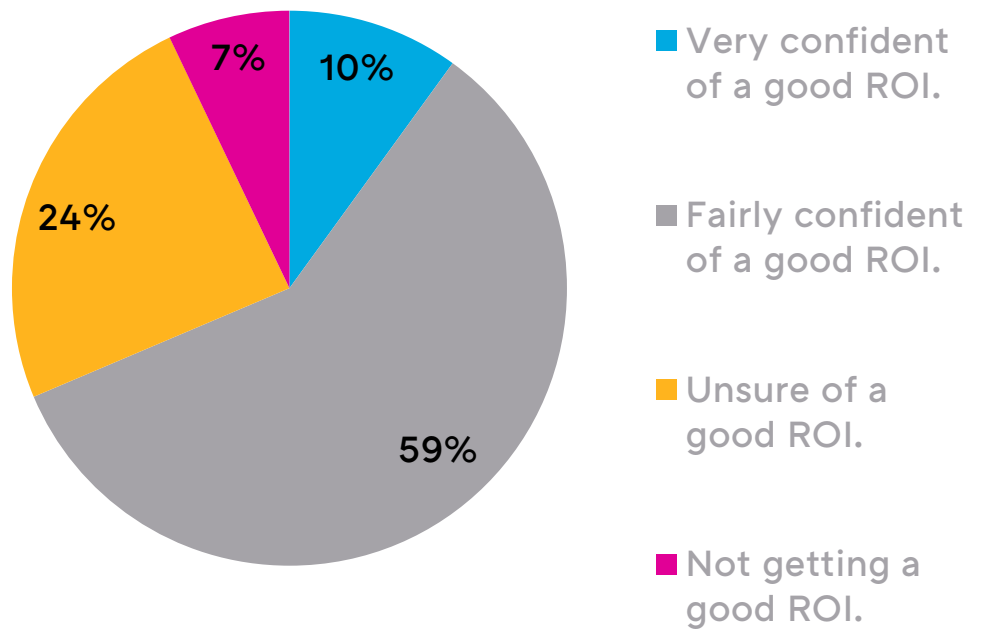
How important is it to access video aggregators/ad networks for additional reach with your online video buy (e.g., YUME, Videology, Tremor etc.)?



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?

