

# Digital Advertising 2011: A Portrait of Conflict

Our fifth annual review of the online display advertising space finds marketers and agencies embracing a brand-centric world – if only they could let go of the past.





# Something doesn't add UP. ■ ■ ■



## introduction

In this, our fifth annual Display Advertising Study, we observe how marketers and advertising agencies alike are adjusting to the emerging brand advertising ecosystem and note how their sometimes conflicting responses illustrate an industry in transition.

**57 percent of agencies** said that the majority of their display objectives are for brand building, **yet only 11%** cite ad creative – a hallmark of brand advertising - as critical to the campaign's success.

**60 percent of agencies** cited Brand Recall and Intent to Purchase as the most important measures of online success. However, 'Performance' (clicks/conversions) remains the key criteria agencies say they use to evaluate media.

Nearly **two thirds of senior marketing professionals** favor data-driven audience buying to reach their audience, even though **less than half** claim to be comfortable in their understanding of audience data and targeting.

**90 percent of marketers** said that they would like to try new things online, while **58 percent of agencies** said that their clients are unwilling to take risks and try new things online.

**95 percent of marketers** cite running in a brand safe environment as important; at the same time, **88 percent of agencies** said that they would have no problem running their clients ads on user-generated content.

**62 percent of marketers** anticipate increasing social media spending in the next 6 months, even though **only 12 percent** believe that it's valuable for brands.

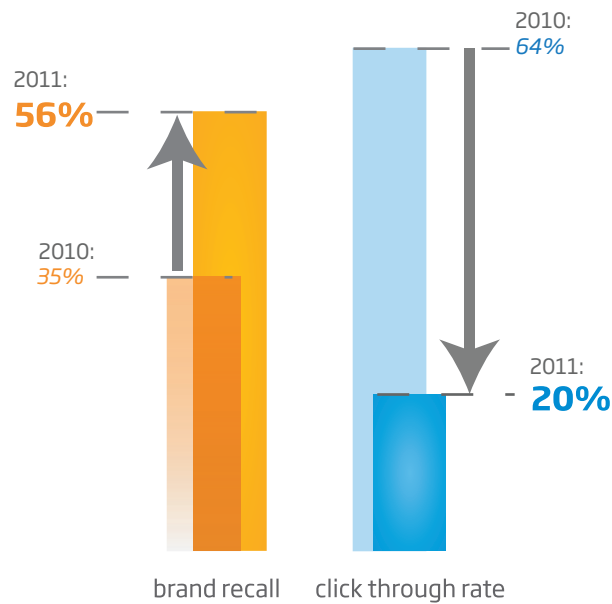
Clearly, there is a disconnect.

If the Web's nascent years as an advertising medium were roughly from 1995 to 2007, then **perhaps we are now experiencing its adolescence**; alternating between a desire to try new things and embrace a brand-centric future, while still being drawn to the security of what is familiar and predictable.



## brand objectives and metrics take the lead

Online display advertising appears to be quickly shifting from a direct response form of advertising to a full fledged branding media. In a dramatic shift from previous studies, both advertising agencies and marketers agencies' preferred metric of media evaluation (2010 v. 2011)



have begun embracing more meaningful and brand-centric metrics when evaluating the success of online brand advertising. Whereas in our 2010 study 64 percent of agencies surveyed noted click through rate as the primary metric with which they evaluated media, in 2011 CTR dropped to 20 percent, with brand recall and intent to purchase taking the lead at 56 percent.

The brand marketers surveyed selected post exposure action ahead of brand recall – although just barely.

Though this move toward more brand-centric metrics is a breath of fresh air for our industry, it's no wonder why standard action metrics had been the bread and butter of campaign performance measurement for so long. **69 percent of marketers said that they wished "someone would help them better understand how to measure success in online media."**

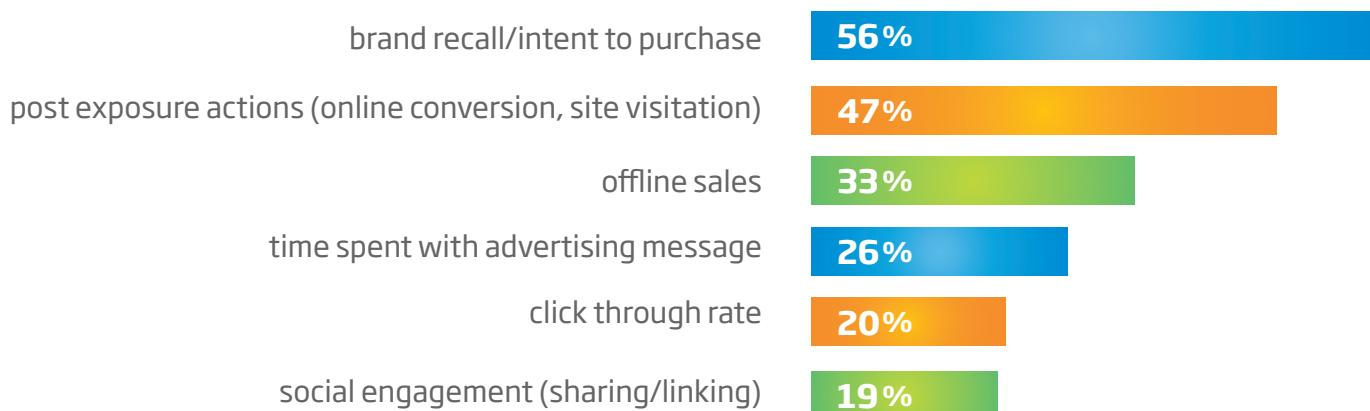
Perhaps the less familiar nature of brand lift and engagement metrics explains the continued reliance on click-stream metrics. In contradiction to the growth in brand measures seen this year, the survey revealed that 'performance' (clicks/conversions) was nearly twice as important to advertising agencies as all other digital media criteria, including reach, price and inventory quality.

**90%**  
of marketers and agencies believe that online display is good for **building brand awareness.**

**70%**  
of agencies believe that online video is an efficient **brand-building alternative to television.**

**57%**  
of agencies said that the majority of their online spend is for **brand building objectives.**

## most important measure of online campaign success among agencies





## audience data drives online success

Both brand marketers and their agencies seem to agree that audience data and targeting are the primary drivers of success in online advertising, followed by the content and ad environment.

This is the second year in which audience data leads content and ad environment (called 'inventory quality' in previous studies) as a top factor in evaluating digital display media.

**Nearly two thirds of senior marketing professionals (VP level and up) favor data-driven audience buying** as a way to reach their preferred audience, versus using websites as a proxy for the audience they wish to reach. Less senior marketers (manager and below) were evenly split.

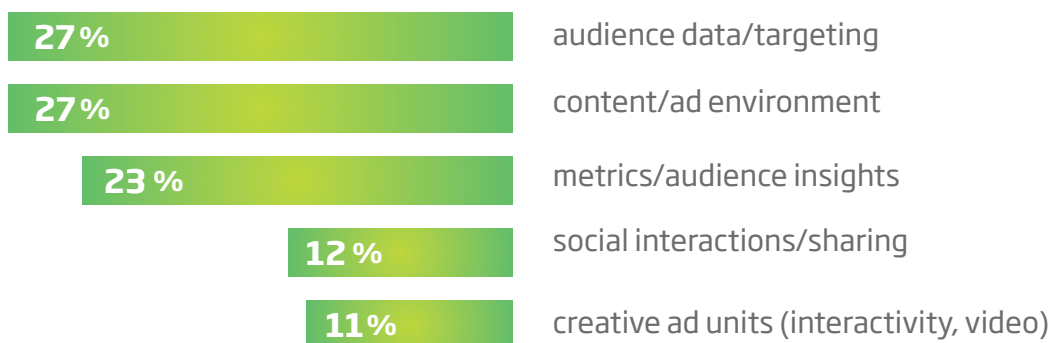
Surprisingly, ad creative ranked lowest in perceived importance, even among advertising agencies.

This order ranking is strikingly similar to what is observed in Advertiser Perception's *Advertiser Intelligence Report*, in which brand marketers and agencies continually rank "ad results" and "audience composition" far ahead of "image/environment" and "content" in digital buying criteria. This matrix is very different from more traditional brand media outlets, such as television, in which "content" (programming) is the top selection.

**Ready for something new?**

90 percent of marketers said that they would like to try new things and take more risks online and 81 percent wish someone would bring them more new ideas. Ironically, 58 percent of agencies said that their clients are unwilling to take risks and try new things online.

### most important component of online brand campaigns among marketers



49%

of agencies surveyed said that they use exchanges and/or DSPs.

61%

of marketers believe that they are "most likely overpaying" their agency trading desk.



## marketers demand more impactful creative

A theme throughout this year's study is a general discontent with the variety and impact of online ad creative. When marketers were asked the one thing they'd improve in online display advertising, 14 percent of the responses included the need for better, **more impactful creative units**. Agencies appeared less concerned with the need for more dynamic display creative, with 9 percent citing the need for more impactful units.

Another frequent gripe among both agencies and marketers was "ad clutter" on many publisher pages and lack of ad units that "get attention." Agencies also cited disappointment in the variety of engaging ad units, particularly **dynamic creative that was easy to manage**.



## the social media disconnect

Brand marketers and agencies appear to be unsure just what to make of social media. On the one hand, it is the most optimistic new media spend for the months ahead, with 62 percent of marketers anticipating an increase in spending over the previous six months.

Yet, social media's utility appears to be in doubt. Only 12 percent of marketers believe that social media interactions and sharing are valuable attributes for a display advertising campaign. Also, only 35 percent of marketers believe that their Facebook fan page is more important than their brand website.

**A quarter of marketers agreed that they don't really understand the value of social media, but feel compelled to use it.**

62%

of marketers are increasing spend in social media



...but only

12%

think it works.

Social media also ranked low as a measure of campaign success among marketers, at 13 percent behind post exposure actions (online conversion, site visitation), brand recall and offline sales, and just marginally ahead of the much maligned click through rate. Advertising agencies ranked social engagement and CTR evenly, at 20 percent.

Despite these misgivings about the marketing utility of social media, agencies and marketers alike seem to be poised to spend nearly 20 percent of their online advertising budgets on social media, specifically Facebook.

Facebook is also beginning to become regarded as brand safe. Only 14 percent of agencies said that they would not run their client's ads on Facebook, down from 25 percent in 2008.



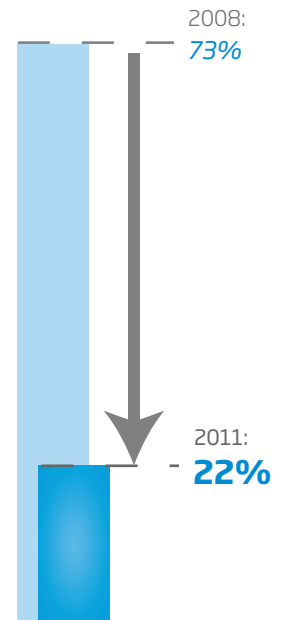
## the changing face of brand safety

Brand marketers continue to be passionate about their ads running in safe environments, with **95 percent saying it was “important /extremely important” that their ads run in safe environments**. 78 percent of marketers said that they would not support any advertising decision that placed their brand messaging in an unsafe environment, even if it came at the expense of performance.

“Brand safety” took on new meaning this year, extending beyond the contextual nature of the ad environment to include audience data privacy protection. With a spate of recent news regarding browser sniffing and Flash cookies, marketers were adamant about how their brand assets are used. An overwhelming majority of marketers (89 percent) would demand that their advertising agency stop using any intermediary that was engaged in possibly illegal activities. “Ethics come before profit,” said one respondent.

Another shift in brand safety perceptions includes the continued growth and acceptance of certain kinds of user generated content. In our 2008 study, 73 percent of agencies said that they would not run their client’s advertising on user-generated video sites, like YouTube. This year, only 22 percent of agencies surveyed would not run on YouTube.

agencies that would *not* run client ads on YouTube (2008 v. 2011)



## conclusion

We are in the second wave of the Internet’s evolution as an advertising medium, marked by the rise of sophisticated technologies that deliver target audiences at scale across the entire digital ecosystem, and by an increasing emphasis on brand advertising strategies and success measures. Yet, despite the industry’s movement toward a more mature, brand-centric advertising medium, both marketers and advertising agencies appear to be in the midst of an evolution themselves, simultaneously straddling the worlds of the Internet of the past and a burgeoning brand-focused future.



## methodology

400 agency media and brand marketers were surveyed online from May 6th - May 26th, 2011, with a cash incentive provided to each respondent. The agency and advertiser sample was provided by Advertiser Perceptions. All agency/marketer respondents are employed within the online media industry with decision-making involvement for advertising campaigns.

### The Knowledge Gap

60 percent of senior marketers (VP and above) were comfortable in data-driven audience targeting, vs. 40 percent of mid-level managers (director, supervisor).

## about collective

Collective provides comprehensive display advertising solutions for advertisers and publishers. Our AMP® Data and Media Management platform leverages the most trusted third party data, proprietary audience modeling and ad effectiveness metrics to simplify audience buying and selling across display, video and social media. AMP powers the ad businesses of over 50 leading media brands, including our flagship products, Collective Display and Collective Video®. Collective is headquartered in New York with offices in Atlanta, Boston, Chicago, Dallas, Detroit, Los Angeles, San Francisco, London and Bangalore. Collective's investors include Accel Partners®, Greycroft Partners and iNovia Capital.

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