

# Interactive Ad IQ 2012 survey results

February 2012



 **ERNST & YOUNG**  
Quality In Everything We Do

**iab.**

On behalf of the Interactive Advertising Bureau, Ernst & Young LLP is proud to present the results of the **2012 Interactive Ad IQ survey**.



# Contents

---

Why this survey? .....	2
Results overview .....	4
Platform importance and comfort levels .....	6
Metrics help measure value .....	9
Promoting growth and efficiency in the ad marketplace .....	13
Survey respondents .....	17
Conclusion .....	18

# Why this survey?

## Purpose of the Interactive Ad IQ survey

---

Interactive advertising platforms, technologies and capabilities continue to grow at an incredible pace. The complexity of our marketplace has increased dramatically - more in the past four years than ever before.

The Interactive Advertising Bureau (IAB) wanted to answer the question, **“Is the industry keeping pace?”**

*Interactive advertising platforms and technologies may have advanced faster than our knowledge and skills.*

Are we **demonstrating and articulating the value** of new ad platforms so that buyers feel comfortable buying?

Do we have an effective method for **identifying qualified talent** and **maintaining important interactive advertising skills**?

More than 7,600 IAB members and advertising professionals were asked to evaluate their comfort levels articulating the value of those interactive platforms most important to them. Further, respondents were asked to rate their command of industry-specific tools, familiarity with standards and guidelines, and confidence in applying interactive advertising knowledge and skills in order to demonstrate why interactive advertising makes sense.

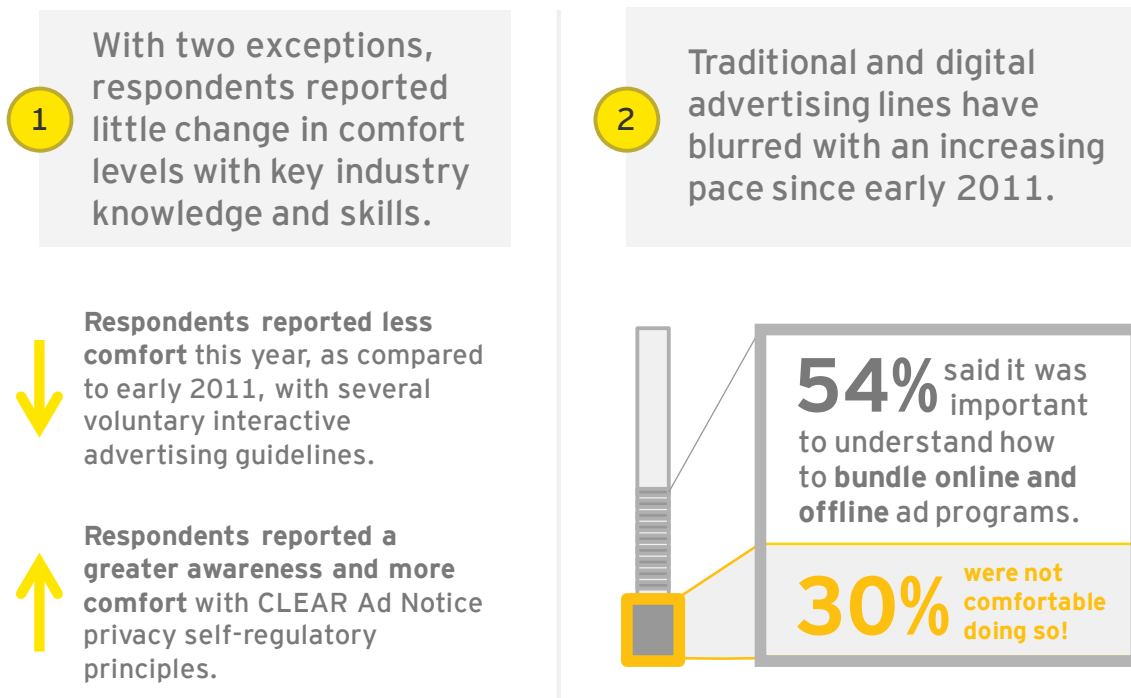
We had 598 respondents provide their self-assessments and add their preferences for professional development in order to raise their collective “Interactive Ad IQ.”



## Year-over-year headlines

---

This is the second year in which the IAB has surveyed its members. As compared to the 2011 Interactive Ad IQ survey results, respondent comfort levels were, in general, statistically equivalent in 2012, indicating that there has been little organic improvement in our industry knowledge and skills, and that there continues to be a significant percentage of industry professionals who still are not comfortable articulating the value that interactive advertising can play in the overall media mix.



Notable is that in a year when the pace of convergence between traditional and interactive advertising platforms has so dramatically increased, more than half of those who responded agreed that online and offline ad bundling was important, but nearly one-third of these respondents were not comfortable doing so.

# Results overview

## Summary of key interactive advertising topics

### Importance and comfort levels

We asked respondents to self-assess their comfort levels across ten top-line assessment questions, covering a total of 50 sub-topics. Questions focused on key platforms and more specific tools, knowledge and skills.

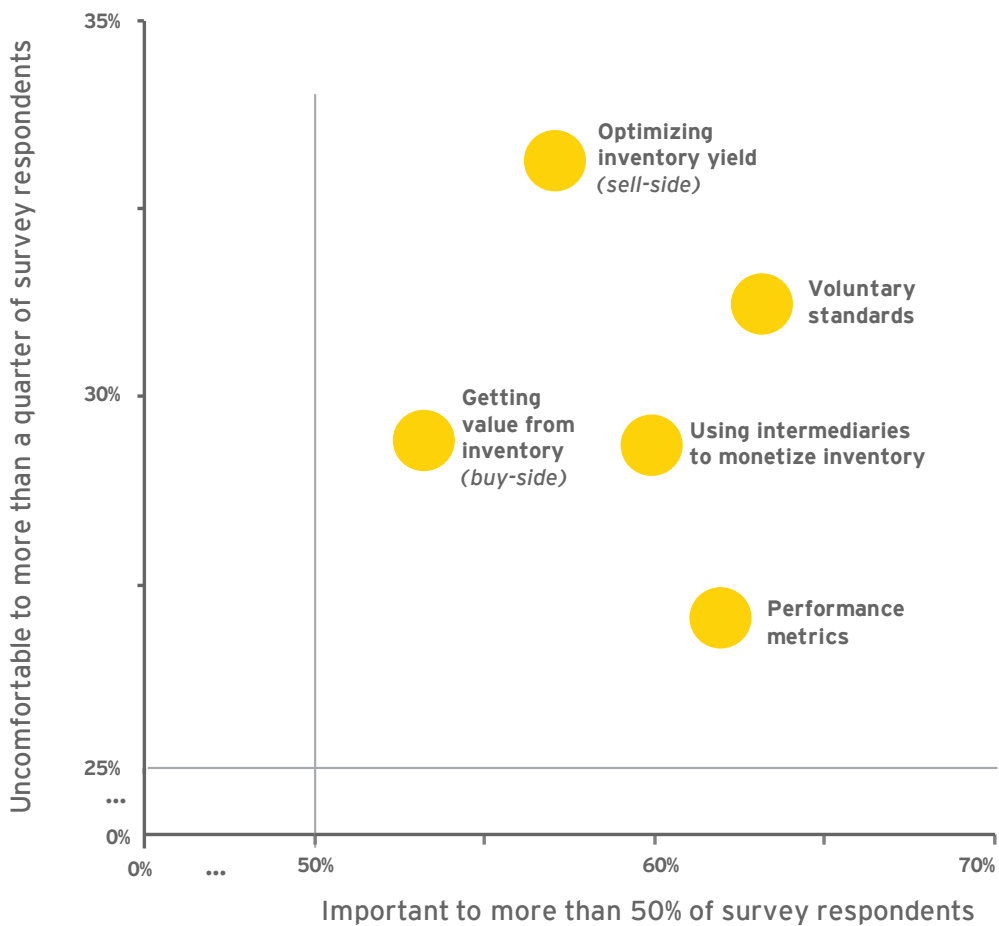
Interactive Ad IQ knowledge and skills question	% who indicated this is important	
		% who indicated a level of discomfort
Packaging and pricing ad inventory	54%	20%
Articulating how various platforms can fulfill campaign and media objectives	50%	25%
Using intermediaries to monetize inventory	60%	29%
Using various ad pricing models to fulfill campaign objectives	81%	8%
Optimizing inventory yield (sell-side)*	57%	33%
Getting the most value from inventory (buy-side)*	53%	29%
Using metrics and measurement sources to determine how best to execute a given media strategy and evaluate its performance	62%	27%
Managing and clearing discrepancies	73%	23%
Using voluntary advertising industry standards and guidelines	63%	31%
Adhering to privacy standards and principles	66%	24%

\* Participants received a different question depending on their designation as a publisher (sell-side), or marketer or agency (buy-side).



## Key gaps in industry knowledge and skills

Of the 10 assessment questions, these 5 stood out as being important to more than half of respondents, with more than a quarter indicating a level of discomfort.

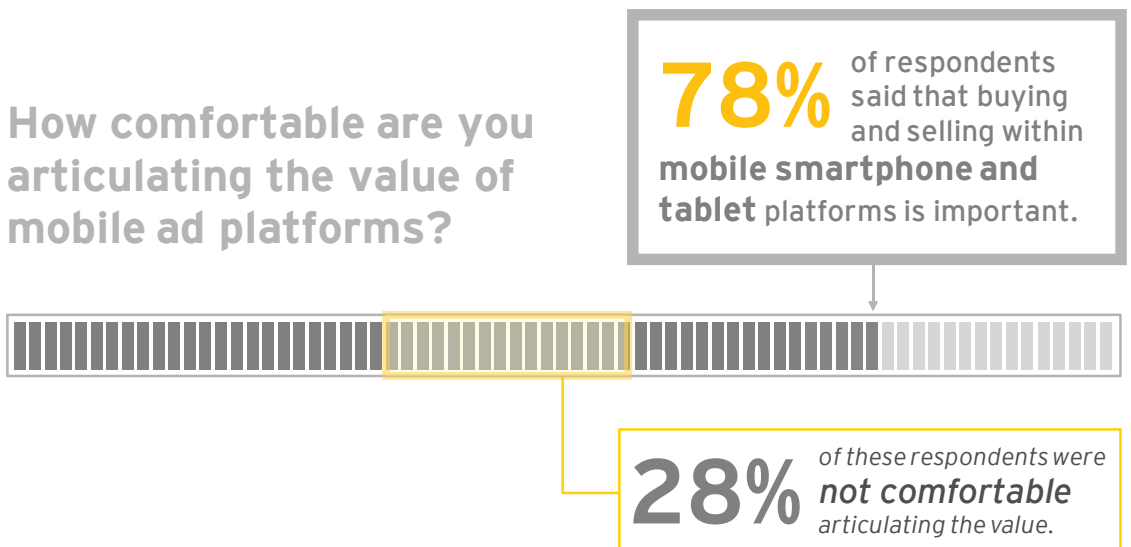


# Platform importance and comfort levels

## Focus on articulating value in interactive advertising

The Interactive Ad IQ survey asked participants to identify platforms that they considered important to their jobs, and then rank their comfort levels in articulating the value of each platform. Mobile (smartphone and tablet), search, social media and online video platforms were among the most important to respondents, but all scored low with respect to overall comfort.

How comfortable are you articulating the value of mobile ad platforms?

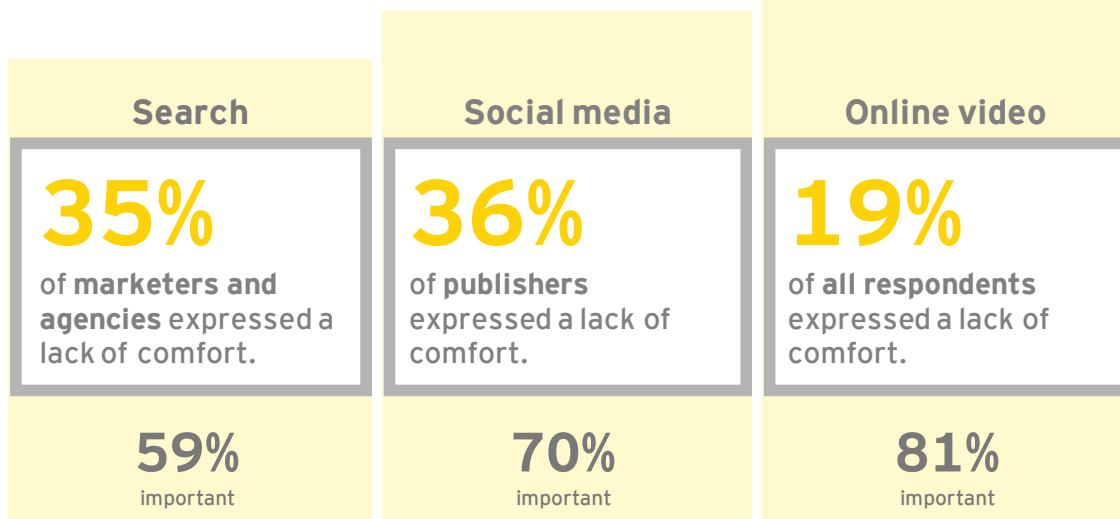


Although it is not entirely surprising that respondents expressed a lack of comfort with the increasingly important but still young smartphone and tablet ad platforms, search and social media continue to be areas of discomfort for respondents despite these platforms' relative maturation. What was surprising was that 19% of those who rated online video as important (the same statistic as in 2011) continue to express a level of discomfort.





## How comfortable are you articulating the value of ... ?



### Buy-side and sell-side breakdowns:

- ▶ **Search:** 45% of publisher respondents vs. 59% of marketer and agency respondents said search was important in their day-to-day jobs; 35% not comfortable across the board.
- ▶ **Social media:** Important to 70% of sell-side respondents; 35% were not comfortable. This compares to 75% of buy-side respondents who rated social media as important with 25% not comfortable.
- ▶ **Online video:** Buyers and sellers rated online video as equally important and with similar levels of discomfort.

### These statistics compare to:

- ▶ **Online games:** Important to more than 30% of respondents with 32% not comfortable.
- ▶ **Local media:** Important to 50% of respondents with 28% not comfortable.

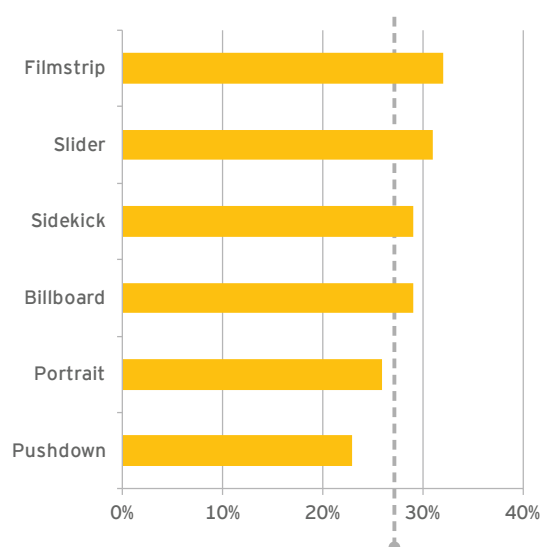


## Newer display ads gain momentum

Newer display advertising formats are gaining momentum in the marketplace as advertisers continue to seek ways to capture the attention of their target audiences.

How comfortable are you articulating the value of newer display advertising formats?

**26%** of respondents said that newer display advertising formats were important ad delivery vehicles.



**28%** were not comfortable.

Just over one-quarter of those surveyed said that newer display advertising formats are important in their day-to-day jobs. However, 28% of these respondents expressed a degree of discomfort. Those with 5 to 10 years of industry experience were much more comfortable articulating the value of these formats (only 9% not comfortable), compared to 49% not comfortable among those with just three or fewer years of experience. This is notable because these newer ad formats were all launched within the past 24 to 36 months.

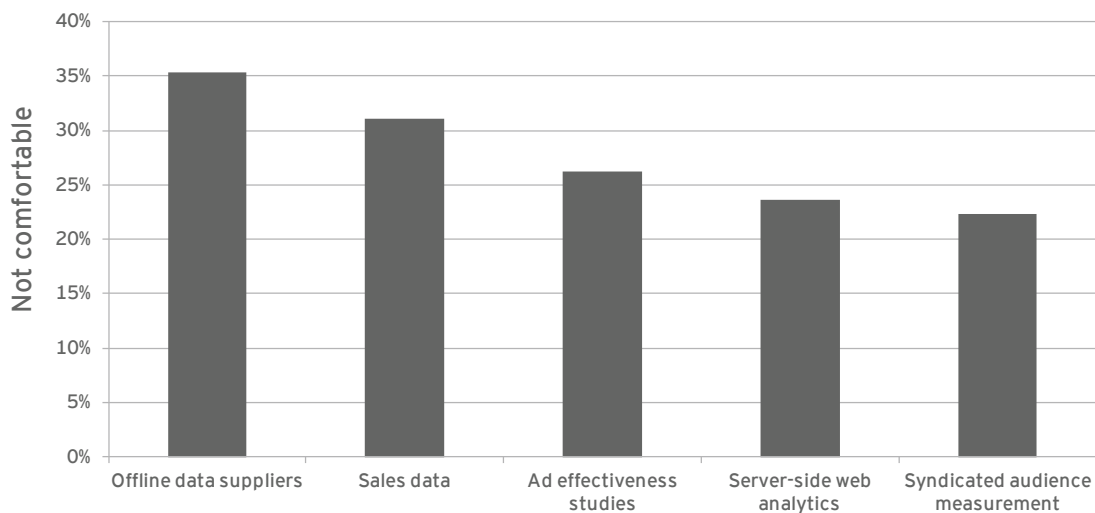
# Metrics help measure value

## Focus on metrics

There is a growing list of metrics and measurement sources that media buyers and sellers use to determine how best to execute a given media strategy and evaluate its performance.

### Using measurement tools and data to demonstrate the value of your inventory

62% said this is important.



Director-level respondents who rated data analytics as important expressed 5% to 10% more comfort than their peers, on average, in using performance data from offline data suppliers and client-provided sales data, but they were in-line with their peers on comfort levels with other measurement tools and data sources.

### Performance data examples

- ▶ Offline data suppliers (e.g., Experian Marketing Services, TARGUSInfo, IRI)
- ▶ Sales data (marketer-provided data or third-party sales data)
- ▶ Ad effectiveness studies (e.g., Dynamic Logic, InsightExpress)
- ▶ Server-side web analytics (e.g., Omniture, Coremetrics)
- ▶ Syndicated audience measurement (e.g., Nielsen, comScore)

## We asked publishers ...

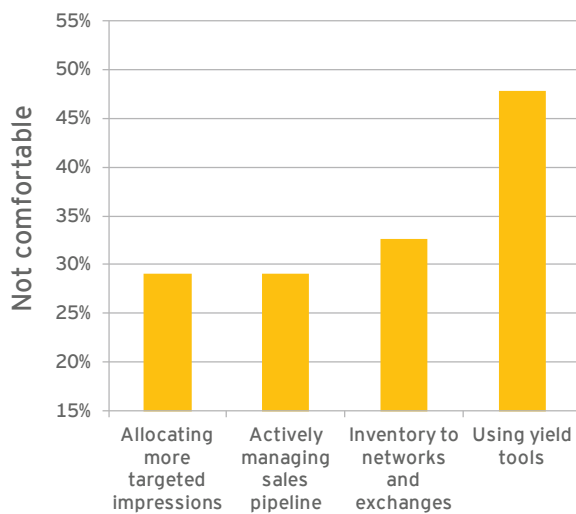
### How comfortable are you managing inventory and optimizing yield?

---

Active inventory management can help publishers improve revenue. Publishers who actively build yield management discipline into their inventory allocation methodologies can drive higher rates for constrained inventory and leave less inventory unsold.

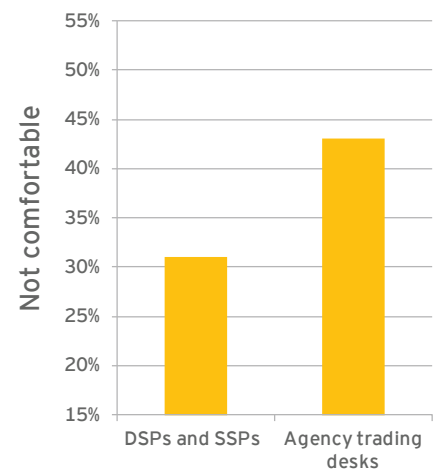
#### Actively managing inventory to improve inventory yield

57% said this is important.



#### Using intermediaries to monetize unsold inventory

60% said this is important.



Respondents from larger companies who said this was important in their day-to-day jobs were less comfortable (54% not comfortable) as compared to smaller company respondents (39% not comfortable) using yield management as a method to improve revenue. Further, 25% of respondents from companies with less than 250 employees were not comfortable using demand side platforms (DSPs) and supply side platforms (SSPs) to monetize unsold inventory, compared to 40% of larger company respondents.

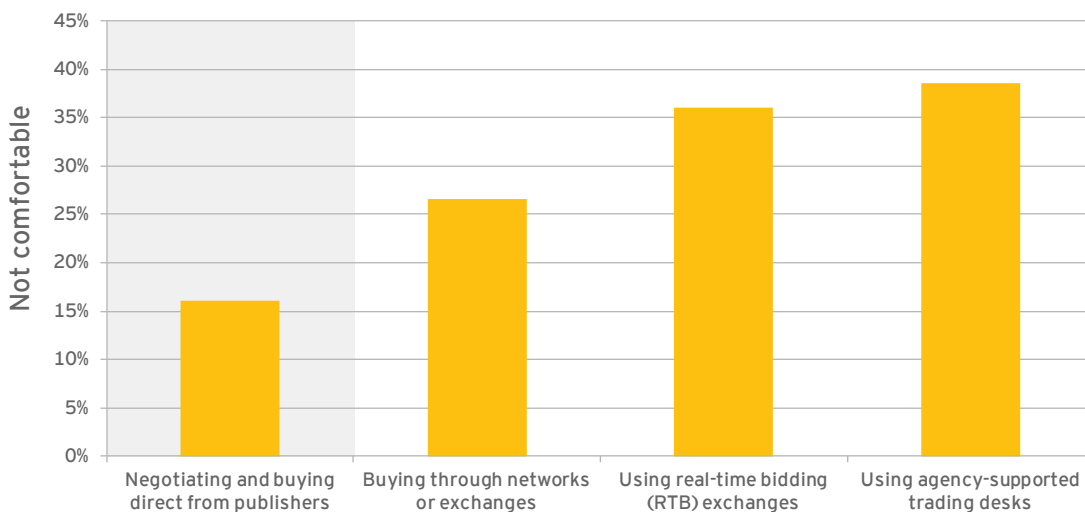
## We asked marketers and agencies ...

### How comfortable are you finding the best inventory for your money?

Although not surprising, as compared to a relatively low 15% of marketer and agency respondents who indicated a degree of discomfort buying direct, these same respondents were less comfortable using networks and exchanges, with almost 40% not comfortable using their own agency trading desks.

#### Using third-party "tools" to get the best price to meet your advertising goals

53% said this is important.



#### Those with less experience were more comfortable with real-time bidding (RTB) exchanges:

- ▶ Respondents with industry experience of three years or less: 25% not comfortable with RTB
- ▶ More than three years of experience: nearly 40% not comfortable with RTB

These statistics compare to 35% not comfortable among all respondents who said buying inventory through RTB exchanges was important in their day-to-day jobs.

## Managing constraints and clearing discrepancies

---

How comfortable are you clearing discrepancies and explaining them to your clients?

**73%** of respondents said that it was important to be able to clear discrepancies and explain them clearly to clients.



**23%** of media buyers and sellers were **not comfortable** clearing or explaining the nature of discrepancies

### Sell-side and buy-side results were similar:

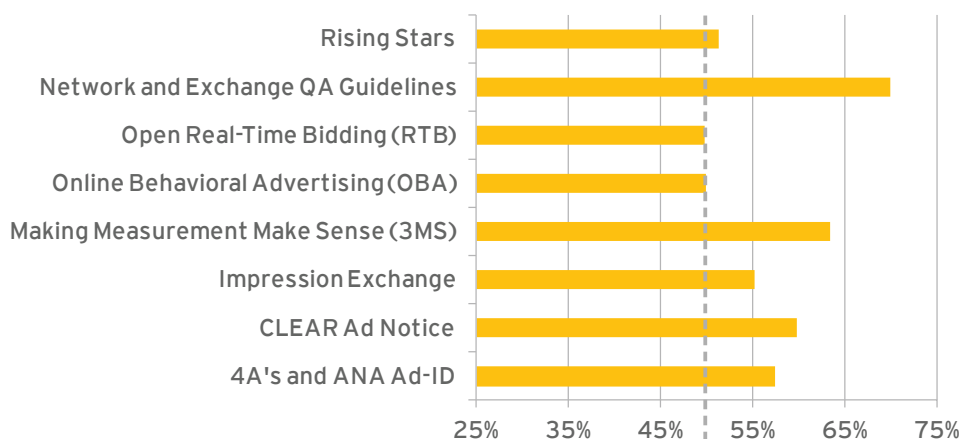
- ▶ 77% of sell-side (publisher) respondents said this was important; 20% were not comfortable.
- ▶ 72% of buy-side (marketer and agency) respondents said this was important; 25% were not comfortable.

# Promoting growth and efficiency in the ad marketplace

## Awareness of industry standards and guidelines

The IAB's goal in setting standards and establishing guidelines is to make it **easier for buyers to buy and sellers to sell**.

Are you aware of the following interactive ad standards and guidelines?

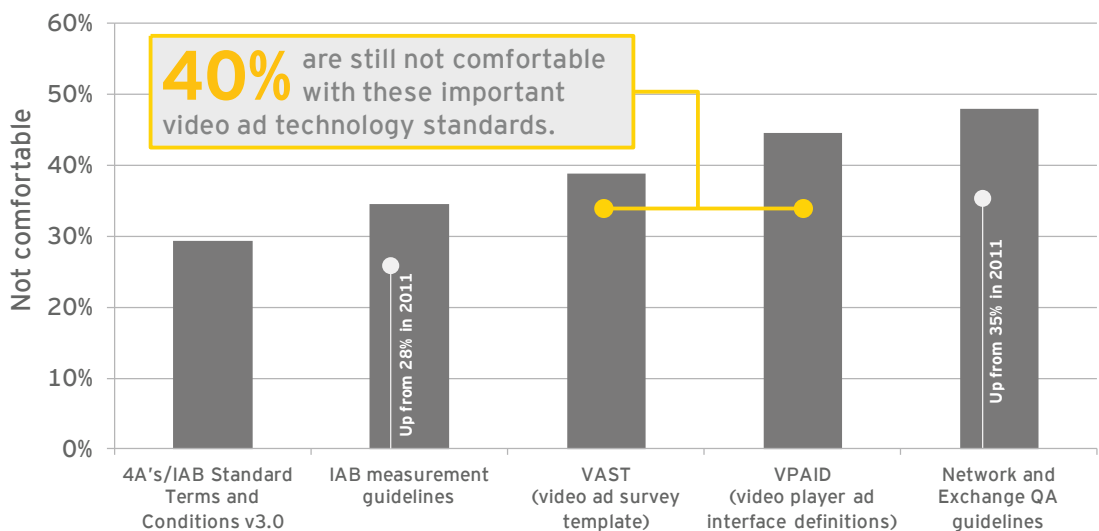


More than **50%** were unaware.

Results indicate that those with more experience are more familiar with these standards and guidelines, with 69% of staff-level respondents unaware of them, as compared to 45% at the vice president level.

## Comfort with industry standards and guidelines

**Are you comfortable adhering to these interactive IAB ad standards and guidelines?**  
63% said these are important.



### Experience matters with VAST and VPAID:

- ▶ Less than three years in the interactive advertising industry: 62% not comfortable.
- ▶ 3 to 10 years in the industry: 33% not comfortable.
- ▶ More than 10 years in the industry: 45% not comfortable.

**Standard Terms and Conditions for Internet Advertising** offer media companies, advertisers, and their agencies a voluntary standard for conducting business in a manner acceptable to all parties, and covers a broad range of interactive advertising legal, financial and operational issues and scenarios.

**IAB Measurement guidelines** cover a range of audited and non-audited ad format-specific guidelines that enable advertisers, agencies and publishers to gauge the performance of their campaigns by standardizing when and how an ad impression or a click is counted.

**VPAID** standardizes communication between video players and in-stream video advertising. VPAID promotes interoperability.

**VAST** is a technical specification that enables publishers to accept third-party video ads. VAST also promotes interoperability.

**Network and Exchange QA guidelines** standardize the information provided to advertisers. The guidelines also improve brand safety.

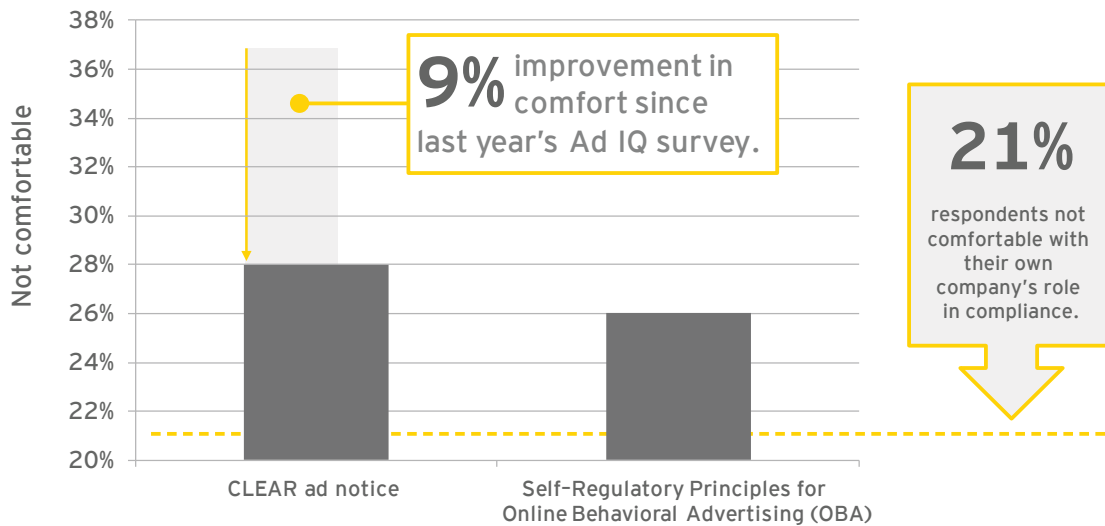




## Complying with online privacy standards

### Understanding online privacy self-regulatory principles

66% said these are important.



While nearly 80% of C-suite (CXO) and VP-level respondents said online privacy principles are important, 23% were not comfortable with their own company's role in compliance. This compares to 28% of staff-level respondents and 12% at the director level – 21% overall – not comfortable.

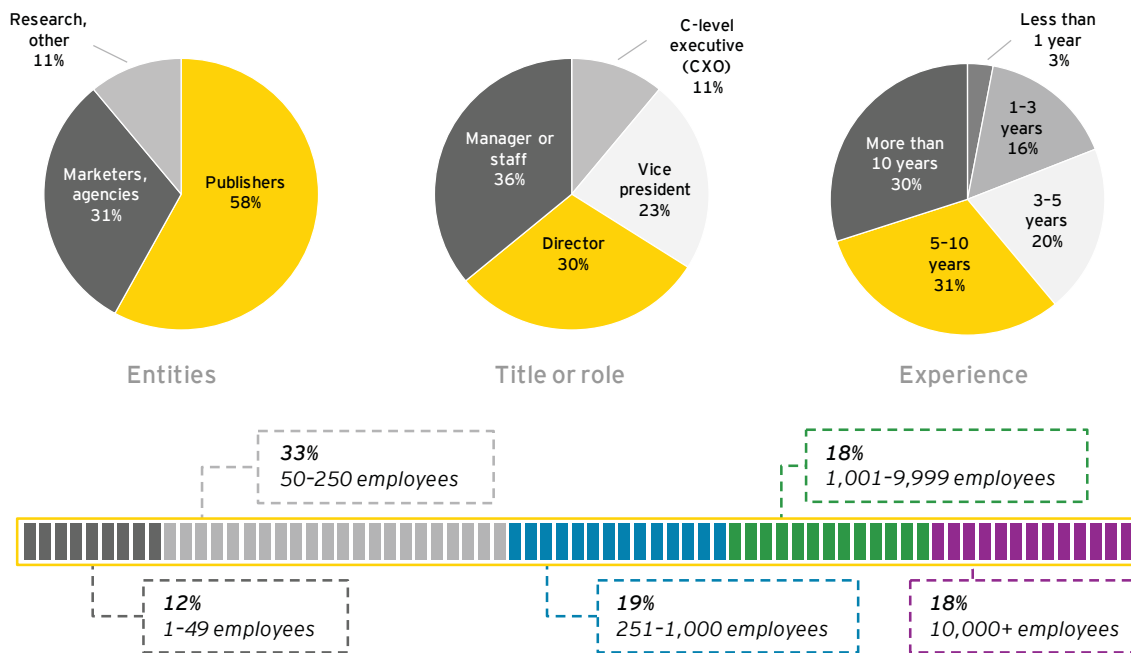
**CLEAR ad notice (Control Links for Education and Advertising Responsibly)** is a set of technical specifications that enable ad servers to display and activate the ad choices link.

**Self-Regulatory Principles for Online Behavioral Advertising (OBA)** is the industry's program to comply with seven behavioral advertising principles.



# Survey respondents

There were 598 respondents

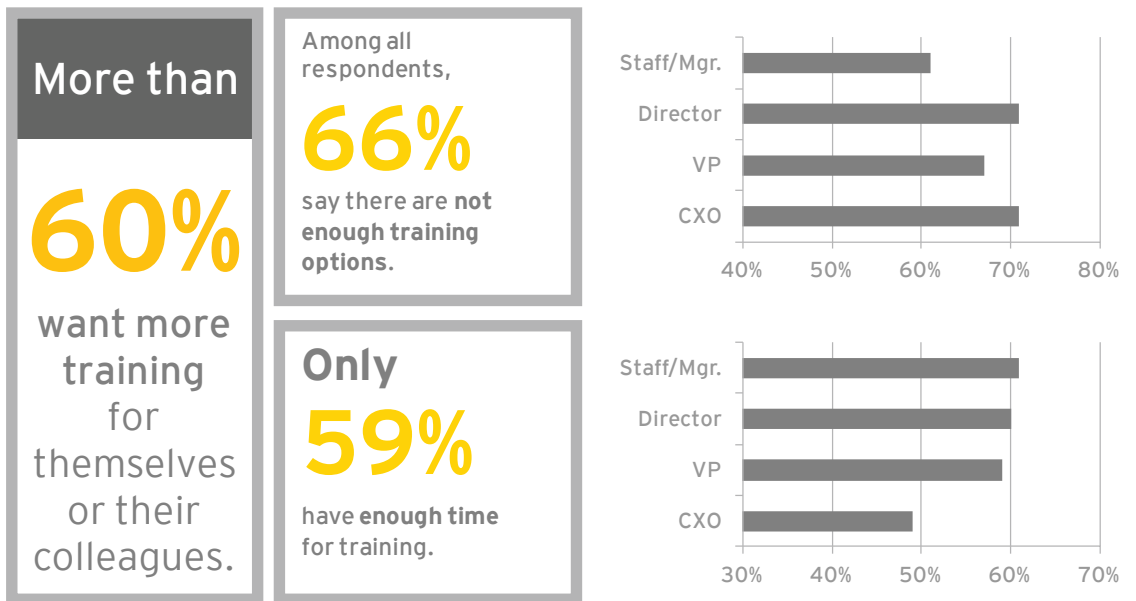


We invited approximately 7,600 IAB members, marketers, ad agencies and service providers to respond to the 2012 Interactive Ad IQ survey. 598 individuals completed the survey:

- ▶ 58% were publishers.
- ▶ 66% were below the VP level.
- ▶ Almost two-thirds had less than five years industry experience.

# Conclusion

## Respondents want training



Top three **self-side** training needs:

- ▶ Selling through intermediaries (networks, exchanges): 64%
- ▶ Voluntary IAB standards and guidelines: 63%
- ▶ Privacy self-regulatory principles: 63%

Top three **buy-side** training needs:

- ▶ Packaging and bundling ad buys: 74%
- ▶ Buying through intermediaries (networks, exchanges): 64%
- ▶ Privacy self-regulatory principles: 65%



## IAB's commitment

---

The IAB is committed to the continuous improvement of the interactive advertising sector.

### Priority 1

#### Roll out training programs

##### Better articulate the value:

- ▶ Mobile
- ▶ Online video
- ▶ Search (buy-side)
- ▶ Social media (sell-side)
- ▶ Newer display ad formats

##### Improve industry skills:

- ▶ Media bundling
- ▶ Performance metrics
- ▶ Yield management
- ▶ Ad standards and guidelines
- ▶ Privacy principles
- ▶ Discrepancy resolution

### Priority 2

#### Develop a digital sales certification program

- ▶ Design certification offerings to establish baseline qualifications that demonstrate a requisite level of industry knowledge, skills and practical capabilities.
- ▶ Roll out the program in Q3-2012.



# How did your company stack up?

---

Get in touch with Jennifer Deutsch ([jennifer@iab.net](mailto:jennifer@iab.net)) at the Interactive Advertising Bureau for more information.

Learn more about the survey at:

[iab.net/AdIQ](http://iab.net/AdIQ)

---

- ▶ Receive a customized briefing.
- ▶ Learn how to get your people trained.
- ▶ Have more of your team test their skills with the Interactive Ad IQ Survey.

# Ernst & Young

## Global Media & Entertainment Advisory Services Practice

Ernst & Young provides audit and advisory services to advertising, broadcasting and cable networks, publishing, new media and digital, filmed entertainment, music, sports, gaming, and diversified media and entertainment clients. Ernst & Young understands that for media and entertainment companies, integration and adaptability are becoming critical success factors. Our Global Media & Entertainment Center brings together a global team of professionals to help you achieve your potential – a team with deep technical experience in providing assurance, tax, transaction and advisory services. Ernst & Young is the leading auditor of media and entertainment companies identified on the 2010 Fortune Global 500 and Forbes Global 2000 lists. Our Global Media & Entertainment Center hosts learning events and maintains industry networks in order for our media and entertainment practitioners to share leading practices and service ideas. The Center works to anticipate market trends, identify the implications and develop points of view on relevant industry issues. Ultimately it enables us to help you meet your goals and compete more effectively.

It's how Ernst & Young makes a difference.

## Contacts

	Telephone	Email
<b>Interactive Ad IQ Team</b>		
Howard Bass, Media & Entertainment Advisory Services Leader	+ 1 212 773 4841	howard.bass@ey.com
Bruno Perrin, EMEA Media & Entertainment Assurance Leader	+ 33 1 46 93 6543	bruno.perrin@fr.ey.com
David Kohl, Advertising Lead, Media & Entertainment Advisory Services	+ 1 212 773 6362	david.kohl@ey.com
Gregory Battaglia, Media & Entertainment Advisory Services	+ 1 212 773 3606	greg.battaglia@ey.com
Glenn White, Quantitative Economics and Statistics	+ 1 202 327 6414	glenn.white@ey.com
Thomas Kinrade, Quantitative Economics and Statistics	+ 1 202 327 6045	thomas.kinrade@ey.com
<b>Global Media &amp; Entertainment Center</b>		
John Nendick, Global Sector Leader	+ 1 213 977 3188	john.nendick@ey.com
Karen Angel, Global Implementation Director	+ 1 213 977 5809	karen.angel@ey.com
Matt Askins, National Accounting M&E Resident	+ 1 212 773 0681	matt.askins@ey.com
Sylvia Ahi Vosloo, Marketing Lead	+ 1 213 977 4371	sylvia.ahivosloo@ey.com
Jennifer Weiker, M&E Resident	+ 1 213 977 3916	jennifer.weiker@ey.com
Raghav Mani, Knowledge Leader	+ 1 213 977 5855	raghav.mani@ey.com

Ernst & Young

Assurance | Tax | Transactions | Advisory

**About Ernst & Young**

Ernst & Young is a global leader in assurance, tax, transaction and advisory services. Worldwide, our 152,000 people are united by our shared values and an unwavering commitment to quality. We make a difference by helping our people, our clients and our wider communities achieve their potential.

Ernst & Young refers to the global organization of member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients. For more information about our organization, please visit [www.ey.com](http://www.ey.com).

© 2012 EYGM Limited.  
All Rights Reserved.

EYG No. EA0057

1112-1317107

In line with Ernst & Young's commitment to minimize its impact on the environment, this document has been printed on paper with a high recycled content.

This publication contains information in summary form and is therefore intended for general guidance only. It is not intended to be a substitute for detailed research or the exercise of professional judgment. Neither EYGM Limited nor any other member of the global Ernst & Young organization can accept any responsibility for loss occasioned to any person acting or refraining from action as a result of any material in this publication. On any specific matter, reference should be made to the appropriate advisor.