

The 2021 Industry Pulse Report

UNITED STATES EDITION

IAS Integral
Ad Science



Who took part?

Dates in field

September -
October 2020

Sample

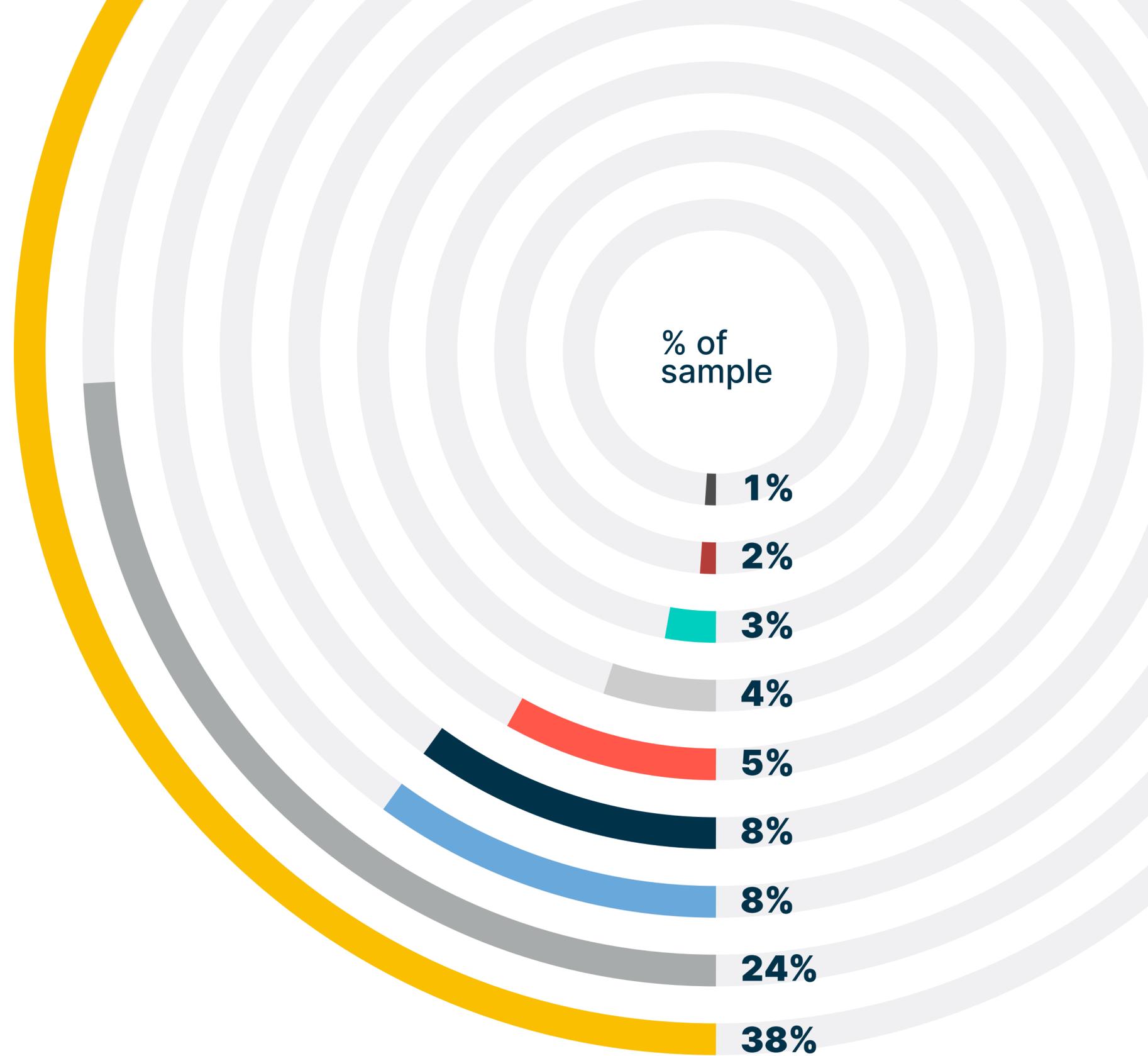
430 U.S. digital
media experts

Methodology

Online survey of
IAS database

Sample breakout:

- Media Agency
- Publisher
- Advertiser / Brand
- Creative Agency
- Demand Side Platform
- Supply Side Platform
- Ad Network / Exchange
- Trading Desk
- Other



Looking forward to 2021

Each year, IAS investigates the trends, challenges, and technologies that will propel the digital ecosystem into the next frontier of advertising.

The new decade brought new challenges—some anticipated, some completely unexpected. In 2020, consumers stayed home, the media navigated global crises, and the advertising industry adjusted to shifting budgets, behaviors, and preferences. As we look ahead, IAS explores how the digital landscape of this year will shape advertising priorities and innovation in the future.

We invite you to discover our findings.



Contents

5

Industry priorities

11

Digital video, OTT,
and CTV

17

Social media

23

Mobile

28

Media quality

35

Advertising in a
pandemic

38

Key takeaways

The evolving digital landscape

Industry priorities and challenges
for the year ahead

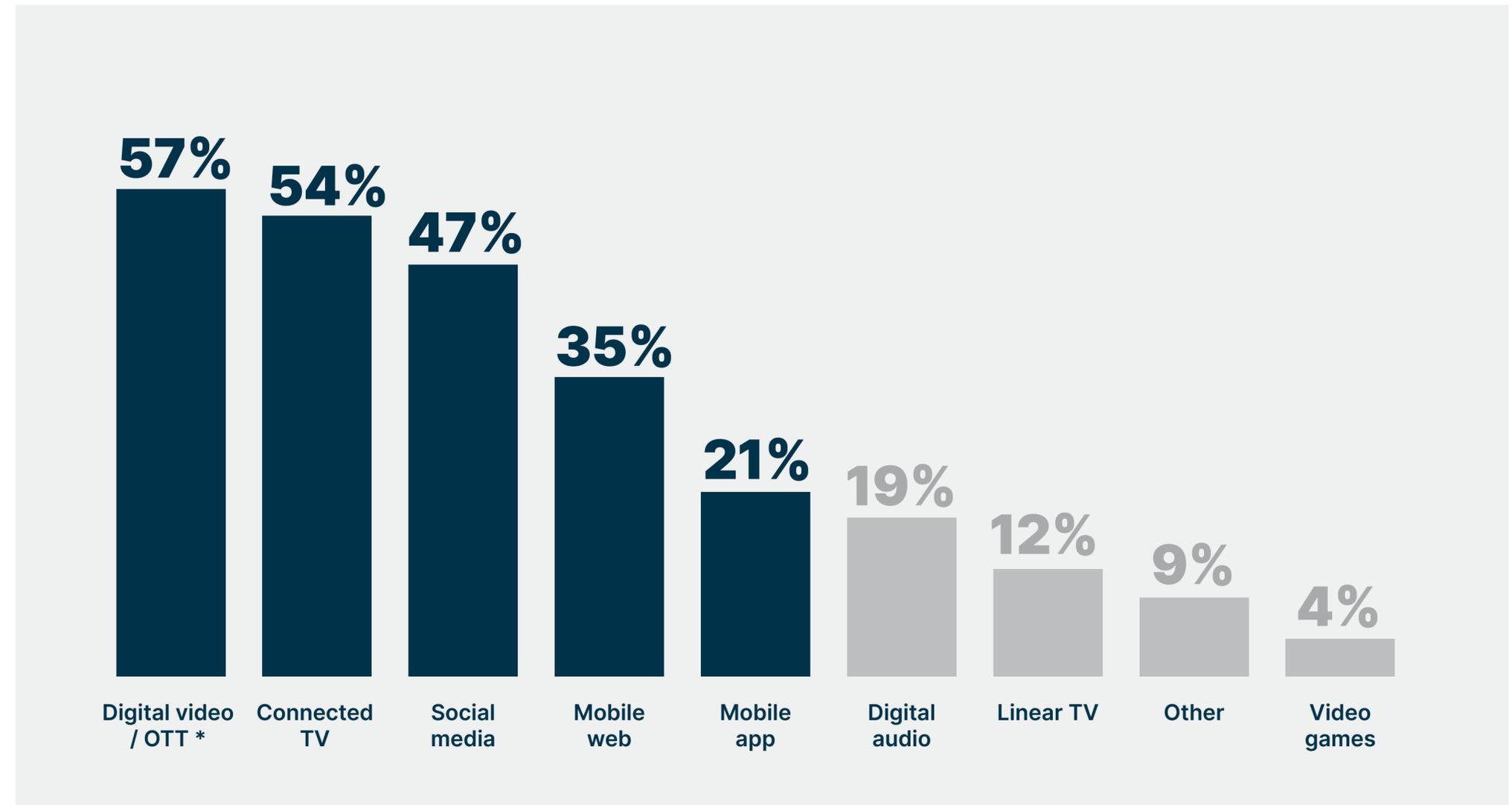


Top media priorities in 2021

This year, consumer behavior, habits, and routines evolved in response to global crises. As the year comes to a close, the digital landscape is also shifting: digital video/OTT, connected TV (CTV), and social media were named the top three priorities for 2021 across all respondents.

Compared to last year, the list bumps mobile from its top spot—an indicator that consumers remain more stay-at-home than on-the-go.

Industry priorities in 2021



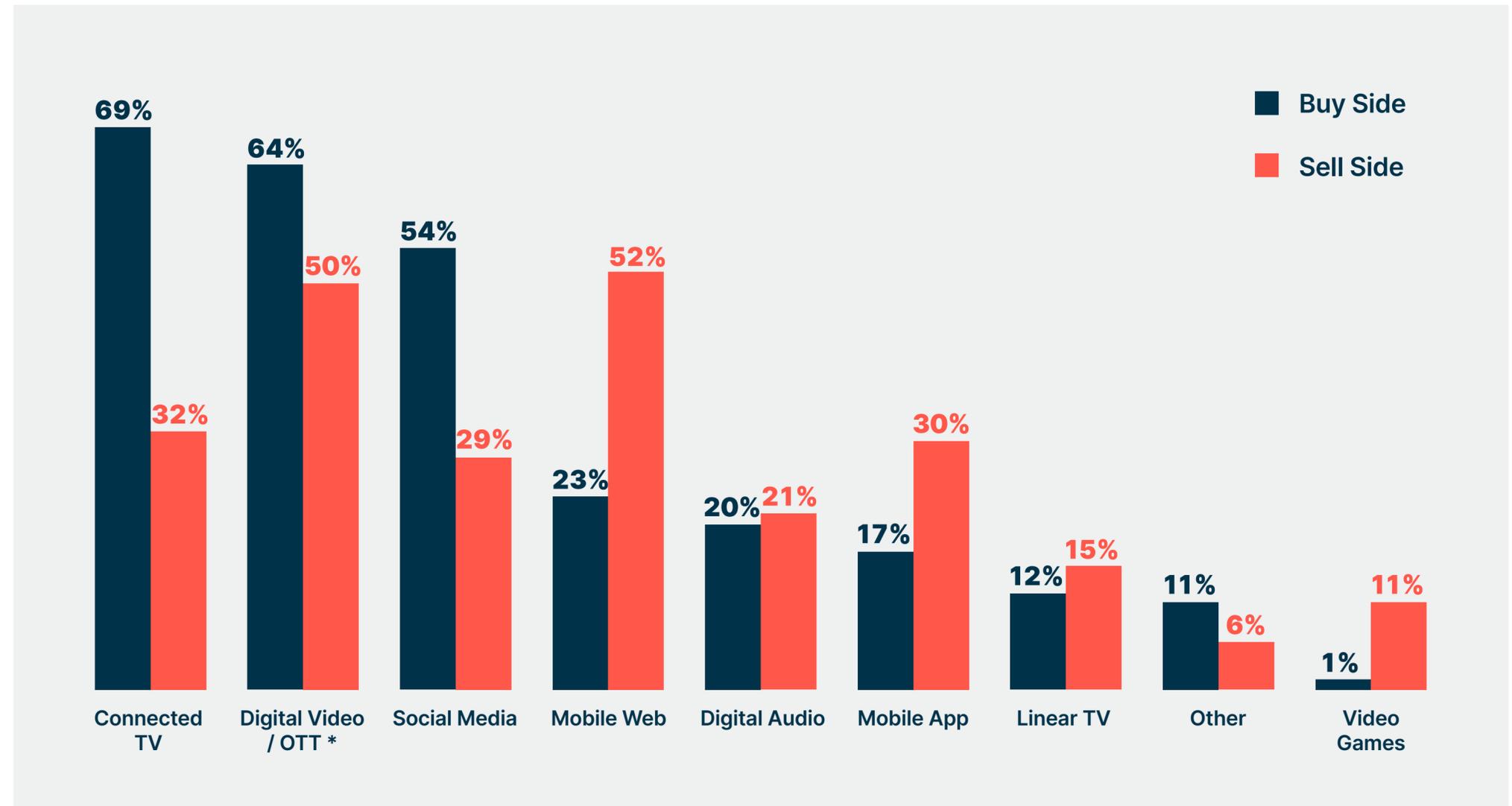
Which of the following media types will be a high priority for your organization in the next 12 months? (Select up to three)
Notes: *excludes connected TV

Comparing priorities of buyers and sellers

Buyers and sellers have different priorities for the new year. Responding to consumer behavior, digital ad buyers list connected TV and digital video/OTT as top priorities for 2021.

Sell-side experts will also prioritize digital video/OTT but remain more focused on mobile-centric opportunities.

Top industry priorities for buyers and sellers



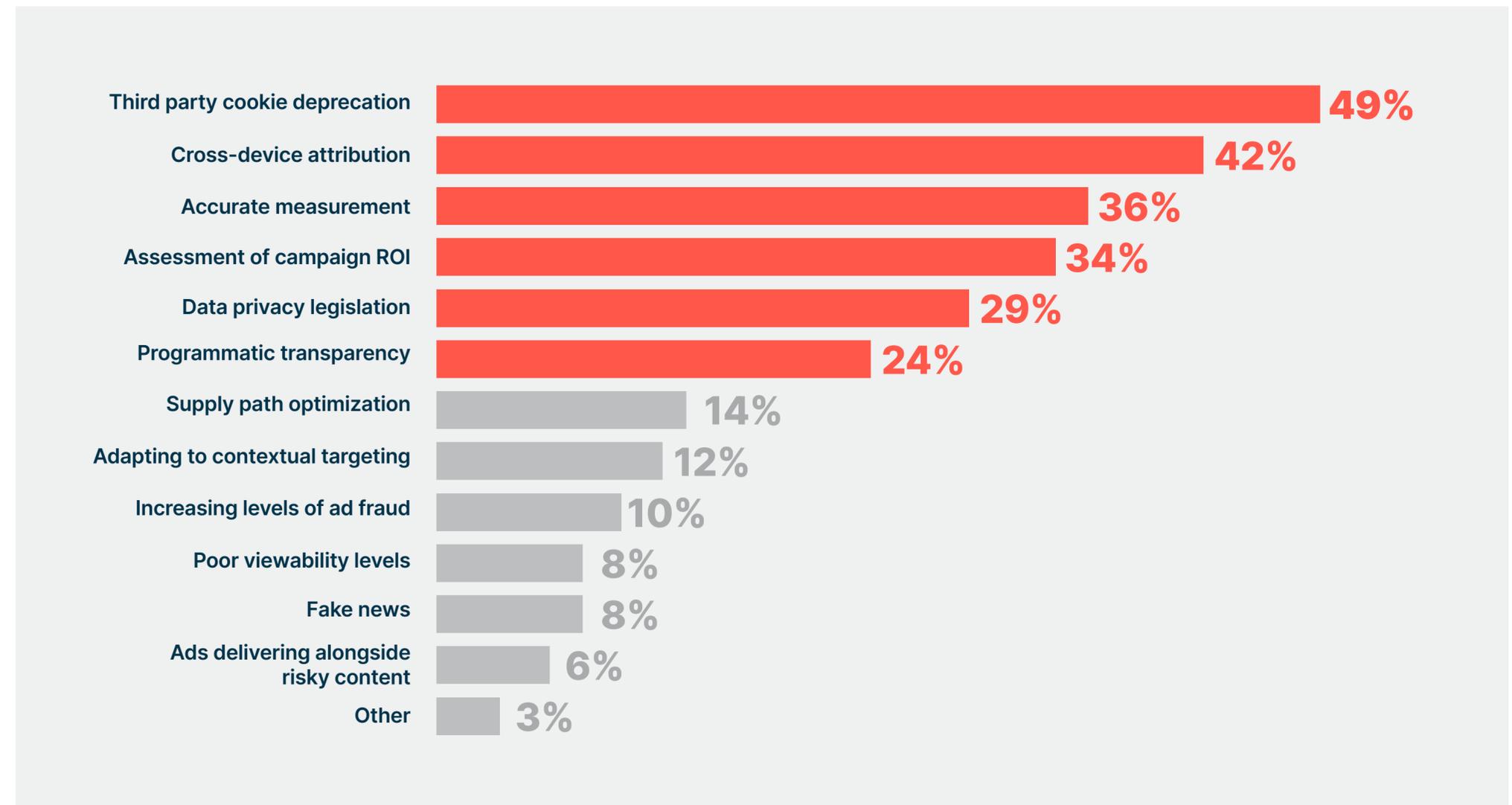
Which of the following media types will be a high priority for your organization in the next 12 months? (Select up to three)
Notes: *excludes connected TV

Top media challenges in 2021

As the effects of increasing data privacy legislation take hold, media experts are adapting to ensure compliance. Compared to last year, the industry has shifted focus away from legislation and toward its potential effects.

Focus on cookie deprecation, accurate measurement, and assessment of campaign ROI reflect an industry-wide prioritization of ensuring accuracy in reaching goals and audiences.

Top industry challenges in 2021



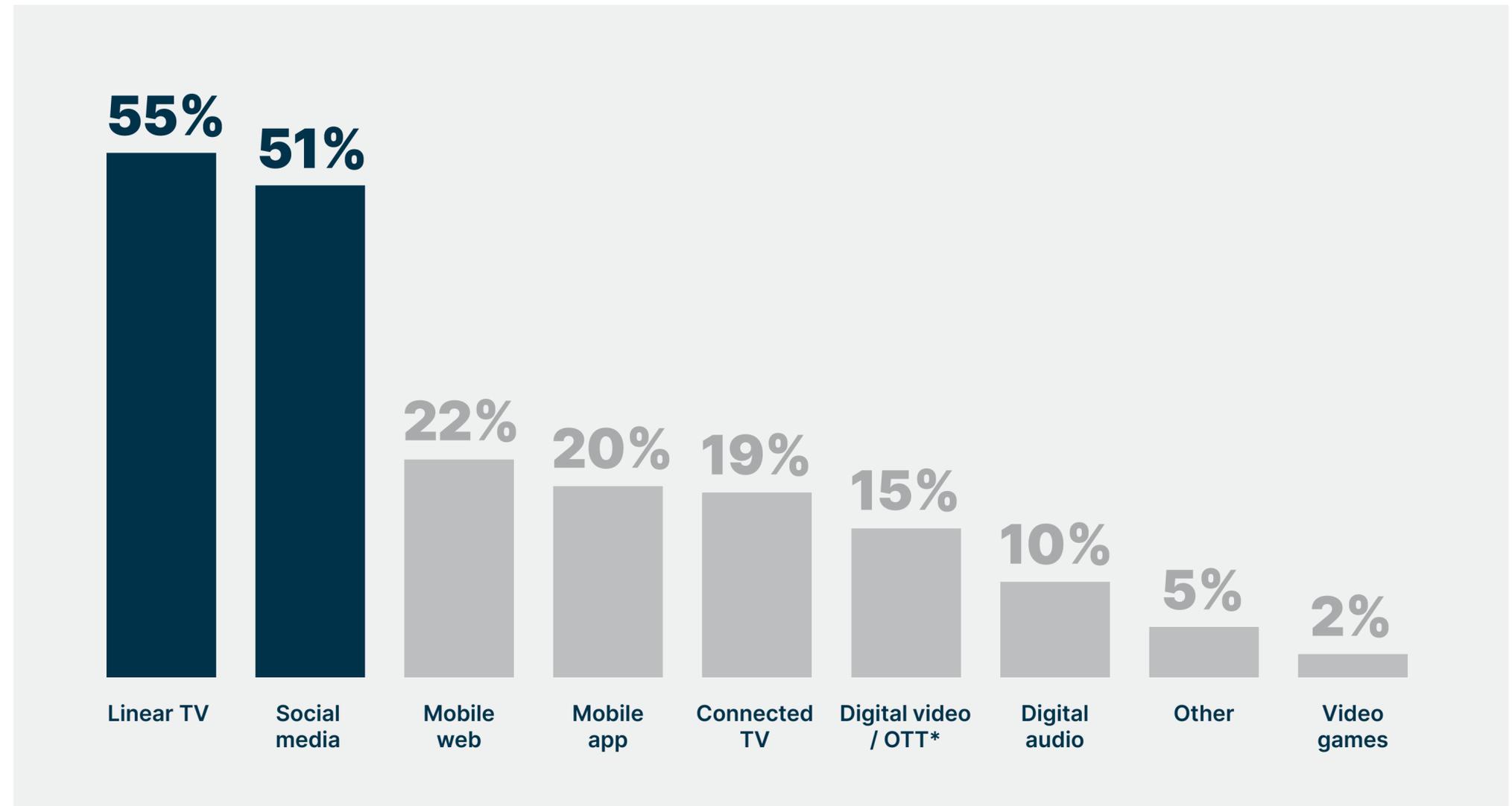
Please indicate the top three digital media challenges your organization will face in the next 12 months.
(Select up to three)

Comparing challenges by media type

Given the prioritization of digital TV, the future of linear TV remains unclear. After a 15% decrease in ad spend this year, projections forecast that 2021 linear TV ad spend will increase. However, linear TV is unlikely to again reach pre-2020 ad spend levels.†

Likewise, social media faces challenges around transparency, brand risk, and verification.

Top industry challenges by media type



teMarketer, October 2020



Which of the following media types is most likely to face serious challenges in the next 12 months? (Select up to three)
Notes: *excludes connected TV

Top 2021 media challenges

What do experts say?



The ability to fend off budget erosion. It's not like budgets are increasing to add on CTV options. The budget will come from traditional media allocations.

VP, Media agency



Social Media: Backlash against social media and brands who advertise on them

Connected TV: Brand safety and transparency - who actually watches these channels?

Buyer, Advertiser / Brand



The decline of cable [will be a challenge, as] users are turning away from cable towards streaming services.

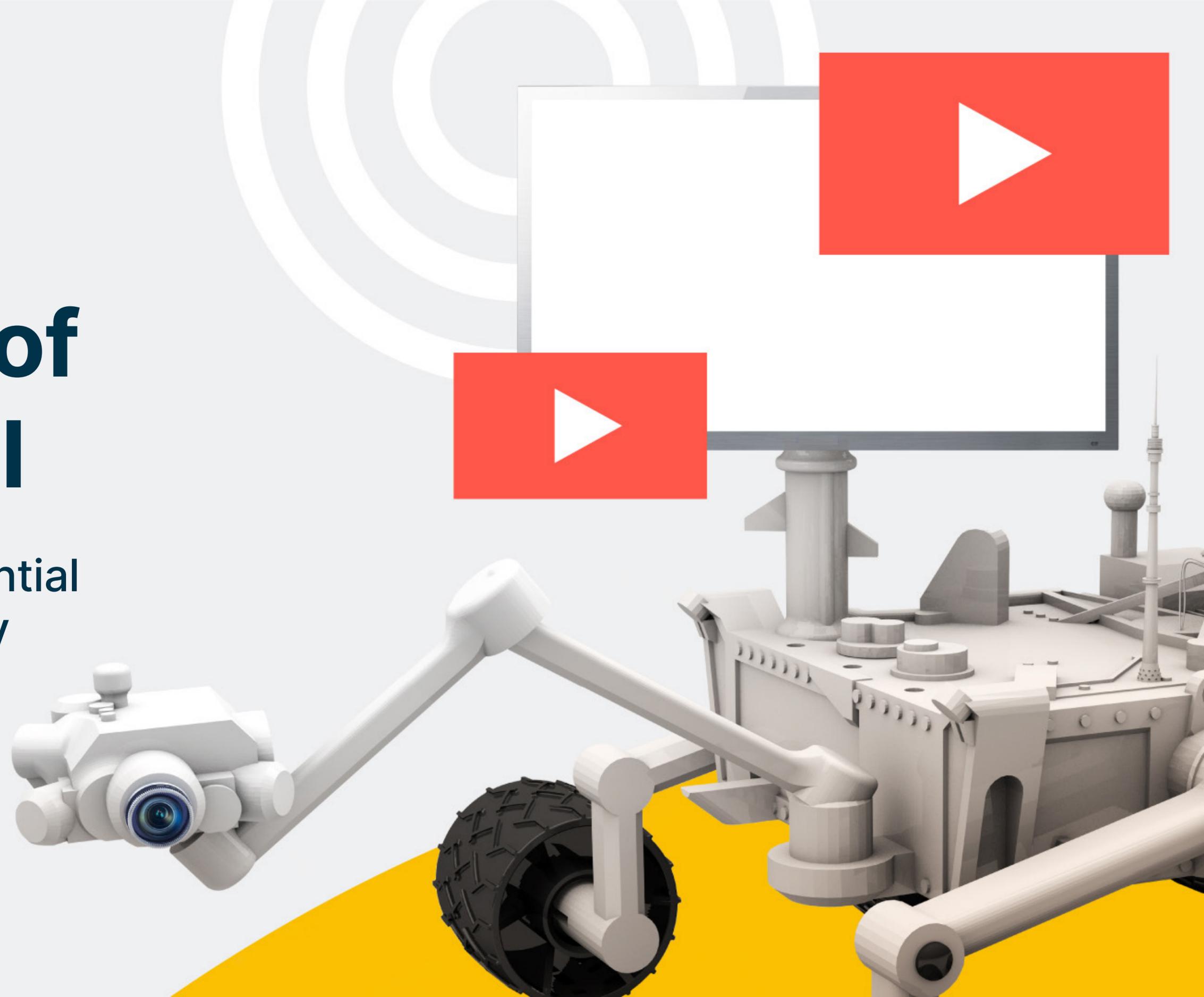
Executive, Publisher



What innovations do you expect to see in this media type over the next 12 months?; What challenges do you expect to see in this media type in the next 12 months?;
What innovations do you expect to see that will improve social media quality over the next 12 months?

The future of TV is digital

Exploring the vast potential of digital video and CTV



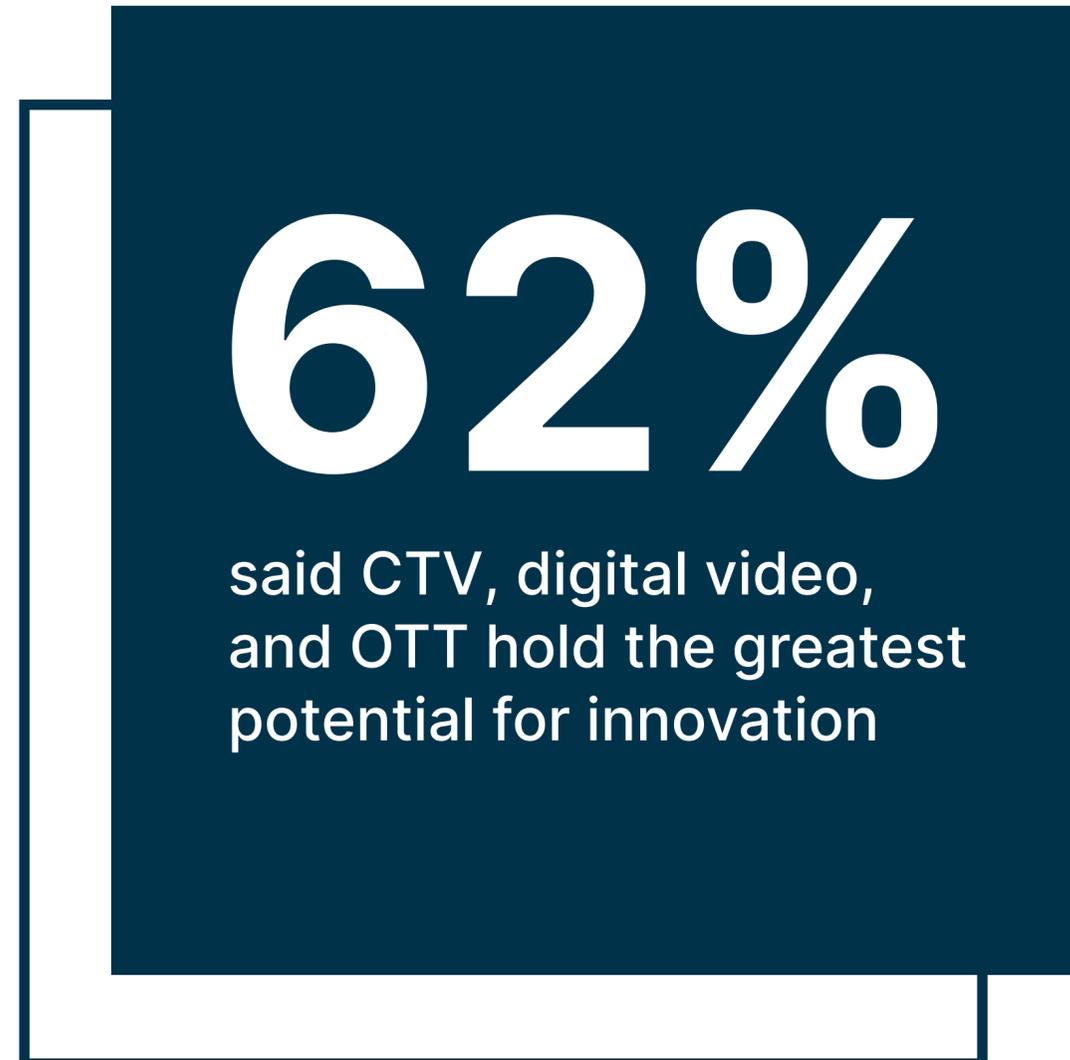
Experts seek innovation on CTV, digital video, and OTT

Despite increases in adoption, subscriptions, and platform options, advertisers have been slow to shift linear television budgets entirely to CTV. According to eMarketer, CTV ad spend is anticipated to witness its largest growth in years, jumping 40.1% to \$11.36 billion in the U.S.[†]

Younger people are more likely to be CTV viewers, but CTV is catching on with older demographics. U.S. CTV viewers in 2020 total 45.7 million for Gen Z, compared to 32.8 million for Baby Boomers.[‡]

As stay-at-home behaviors continue, the industry looks toward digital TV innovations to encourage further media investment.

[†]eMarketer, October 2020; [‡]eMarketer, November 2020



Q In your opinion, which of the following media types holds the most potential for innovation and opportunity in the next 12 months? (Select one)

Comparing digital video and CTV to linear TV

As innovative digital video and CTV technologies advance, the shift away from linear TV will accelerate. Industry experts agree that both digital video/OTT and CTV ad spend and media consumption will increase with innovation.

At the same time, experts see value in the ability of CTV to provide richer data compared to linear TV.

88%

Industry experts agree...

Advancements in digital video/OTT and CTV technology will accelerate the shift in ad spending from linear TV to digital

82%

Advancements in digital video/OTT and CTV technology will accelerate the shift in media consumption from linear TV to digital

80%

CTV provides richer data insights for ad campaign optimization compared to linear TV

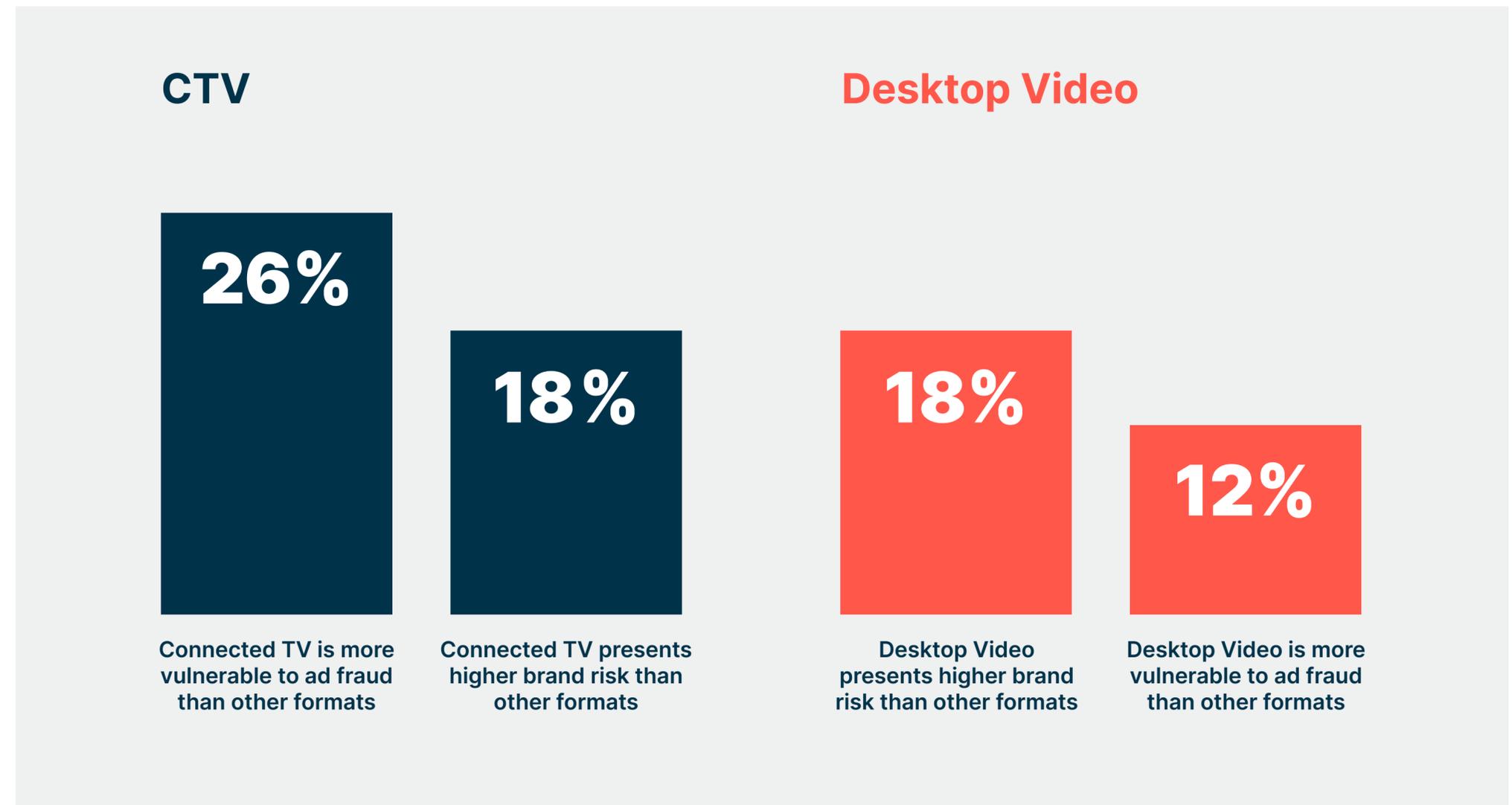


Thinking about digital video and connected TV (CTV) over the next 12 months, please indicate whether you agree or disagree with the following statements.

Assessing media quality vulnerabilities

Increased adoption and innovation pushes platforms forward, but also creates new challenges. Resounding concerns about ad fraud and brand risk for both CTV and desktop video will require advancements in verification technologies and partnerships.

Perceived vulnerability to ad fraud and brand risk by media type



Which of the following media types do you see as most vulnerable to ad fraud in the next 12 months? (Select up to three);
Which of the following media types do you think are most likely to experience brand risk incidents in the next 12 months? (Select up to three)

Connected TV and digital video innovation expectations

What do experts say?



Increase in scale and targeting, ability to reach large audiences of the people you want to reach.

VP, Creative Agency



Improvements in measurement, attribution, and enhanced audience-based targeting.

Director, DSP



Easier and more granular ways to identify audiences, target, test, and measure.

Manager, SSP



What innovations do you expect to see in this media type [selected digital video/OTT or connected TV] over the next 12 months?

Reaching for social standards

The value of transparency
and social media

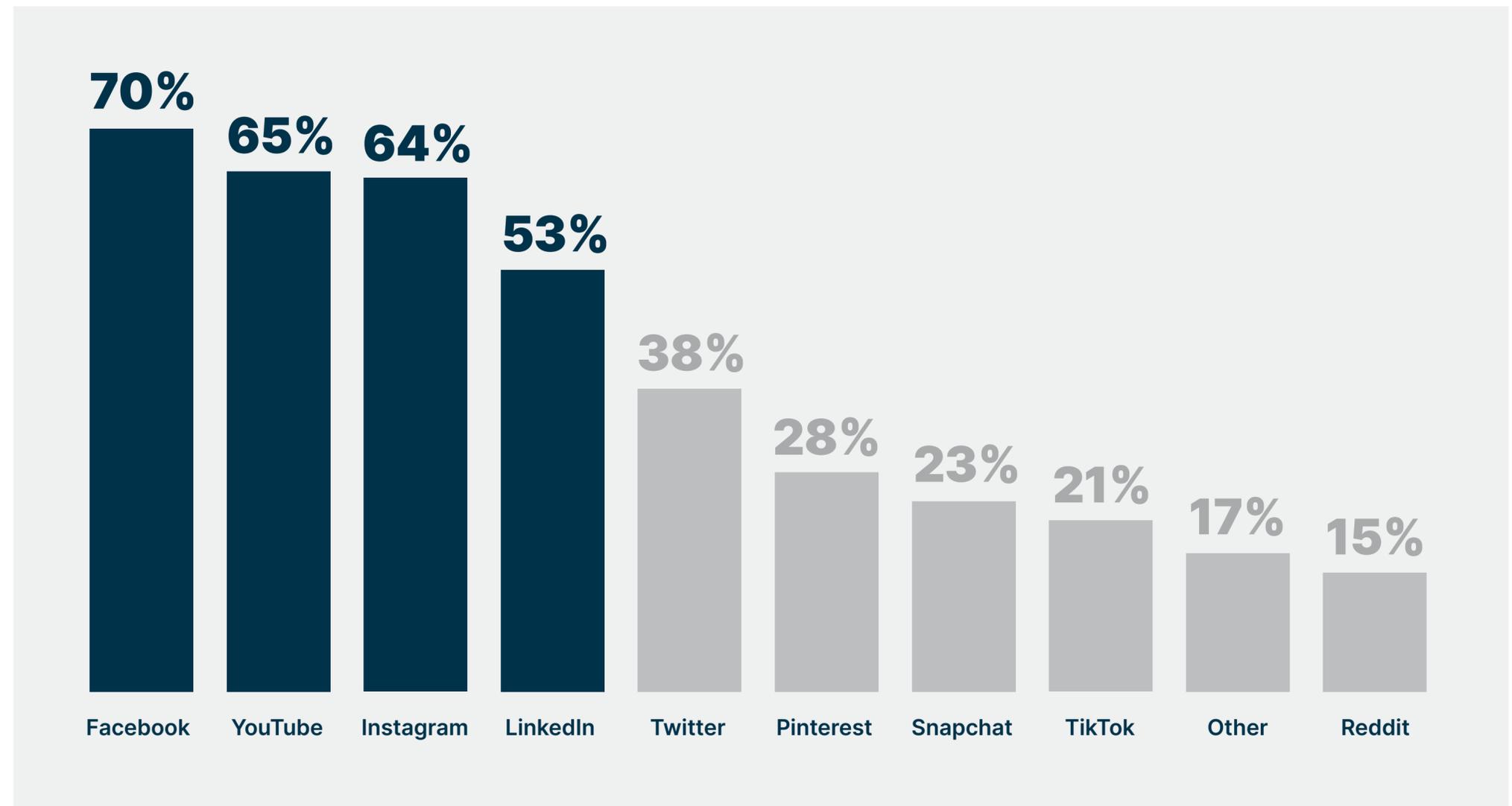


Social media platforms remain strategic

Looking ahead to 2021, social media advertising will continue to play a valuable role in digital strategies. Social media ad spend has been steadily increasing year-over-year, and 2021 is forecasted to reach a record \$48.94 billion in ad revenues.[†]

With Facebook at the top, YouTube and Instagram follow closely—an indication of increasing user-generated content consumption as well as generational preferences.

Top social media platforms in 2021



teMarketer, October 2020



In which of the following social platforms will your organization buy advertisements or monetize content over the next 12 months? (Select all that apply)

Industry concerns facing social media platforms

Shifting budgets and attention toward social also means an increased focus on media quality. More than half of respondents said that brand risk and ad fraud present challenges in the upcoming year.

At the same time, media quality transparency on social platforms remains an area of concern for industry experts.



of respondents agree ad fraud is a concern when running social media campaigns



of respondents said social media will be vulnerable to ad fraud incidents in the next 12 months



of respondents said social media platforms are likely to experience brand risk incidents in the next 12 months



of respondents agree that social media platforms provide adequate transparency about brand risk and viewability



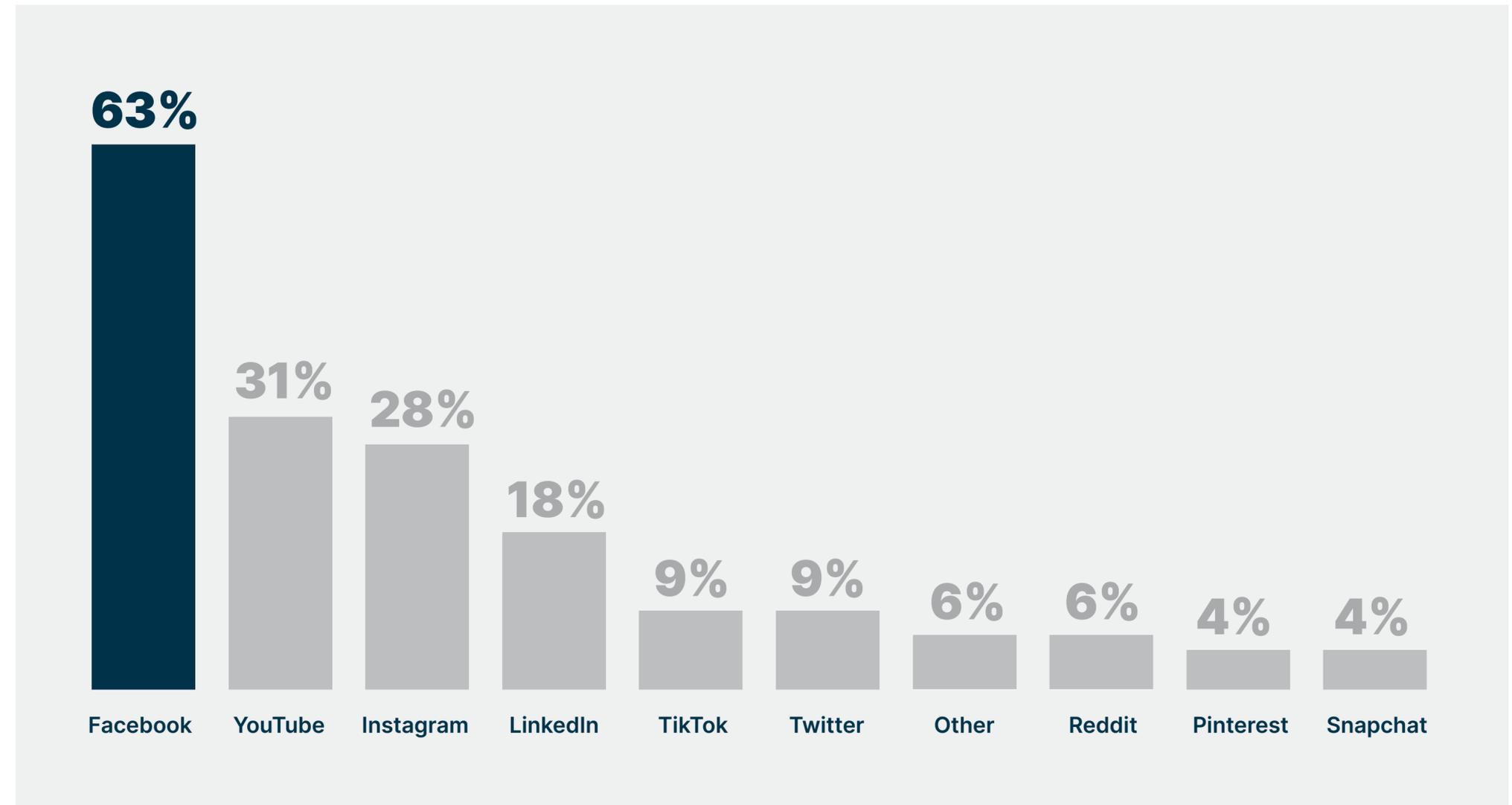
Which of the following media types do you see as most vulnerable to ad fraud in the next 12 months? (Select up to three);
Which of the following media types do you think are the most likely to experience brand risk incidents in the next 12 months?;
Please indicate whether you agree or disagree with the following statements about social media platforms.

**59% of respondents agree
that insufficient transparency
into media quality metrics will
impact their social media spend.**

The influence of transparency on social budgets

Facebook is the most likely to see media spend adjusted due to insufficient media quality transparency. Still, social platforms provide a level of audience reach and engagement unparalleled by other channels. In particular, Facebook is projected to see its ad revenue reach over \$40 billion in 2021, a 21.8% increase compared to 2020.[†]

Social media platforms most likely affected by insufficient transparency



teMarketer, October 2020



In which platforms is your organization likely to adjust media spend due to insufficient transparency in terms of media quality metrics?

Expectations for social media in 2021:

What do experts say?



Social Media is already facing a slew of challenges with data privacy and misinformation. We've been seeing a lot of calls to boycott them from GenZ audience.

Executive, Creative Agency



More third-party measurement integration in platform so they won't be grading their own homework; clear reporting dashboard; establish industry benchmark for social media platforms.

Manager, Advertiser / Brand



Exoecting to see more control over content that the ads are inserted around.

Director, Media Agency



What innovations do you expect to see in this media type [selected social media] over the next 12 months?; What challenges do you expect to see in this media type [selected social media] in the next 12 months?; What innovations do you expect to see that will improve social media quality over the next 12 months?

The rise of mobile innovation

Increasing sophistication on a universal device



Mobile sees less prioritization, but remains a key focus

Mobile may have given up the top spot it held in the 2020 Industry Pulse Report, but make no mistake: nearly half of respondents still listed mobile as high priority for the upcoming year.

Forecasted to reach \$117.35 billion, mobile ad spend in the next year is expected to account for 68.5% of total U.S. digital ad spend.†

48%

of respondents said mobile* will be a high priority for their organization in the next 12 months

†eMarketer, October 2020



Which of the following media types will be a high priority for your organization in the next 12 months? (Select up to three)
Notes: *includes mobile app and web environments

Top factors driving mobile advertising growth

While mobile has been a widely adopted device for years, increased video consumption paired with new technologies solidify its value.

Specifically, evolving technologies in contextual advertising and expanding 5G adoption create new opportunities on this near-universal device.

72%

Industry experts agree...

Increasing mobile video consumption will be a key opportunity for ad buyers and sellers

66%

Sophisticated tools to assess the content within apps will drive innovation in contextual mobile advertising

58%

Expanding 5G adoption will improve the mobile gaming experience, opening new advertising opportunities



Thinking about mobile media over the next 12 months, please indicate whether you agree or disagree with the following statements.

Top challenges facing mobile media growth

Growing mobile sophistication has implications for challenges on the device. Nearly two-thirds of industry experts view ad fraud as a concern in 2021, and most say the evolving mobile web and in-app experiences complicate cross-device attribution.



65%

Industry experts agree...

Ad fraud will be a greater concern across mobile environments in the next 12 months.



59%

The blurring line between mobile web and in-app experiences will add complexity to cross-device attribution

Mobile innovation and expansion expectations: What do experts say?



Better insight, data attribution.
Focused packages/audiences
outside of mobile games.

Buyer, Advertiser / Brand



Enhanced experiences due to
5G that will drive more users
and provide increased eyeballs
for advertisers.

Manager, Media Agency



Contextually safe and relevant
scale after iOS 14 update.

Director, Supply Side Platform



What innovation do you expect to see in this media type [selected mobile app or mobile web] in the next 12 months?

Media quality in a new era

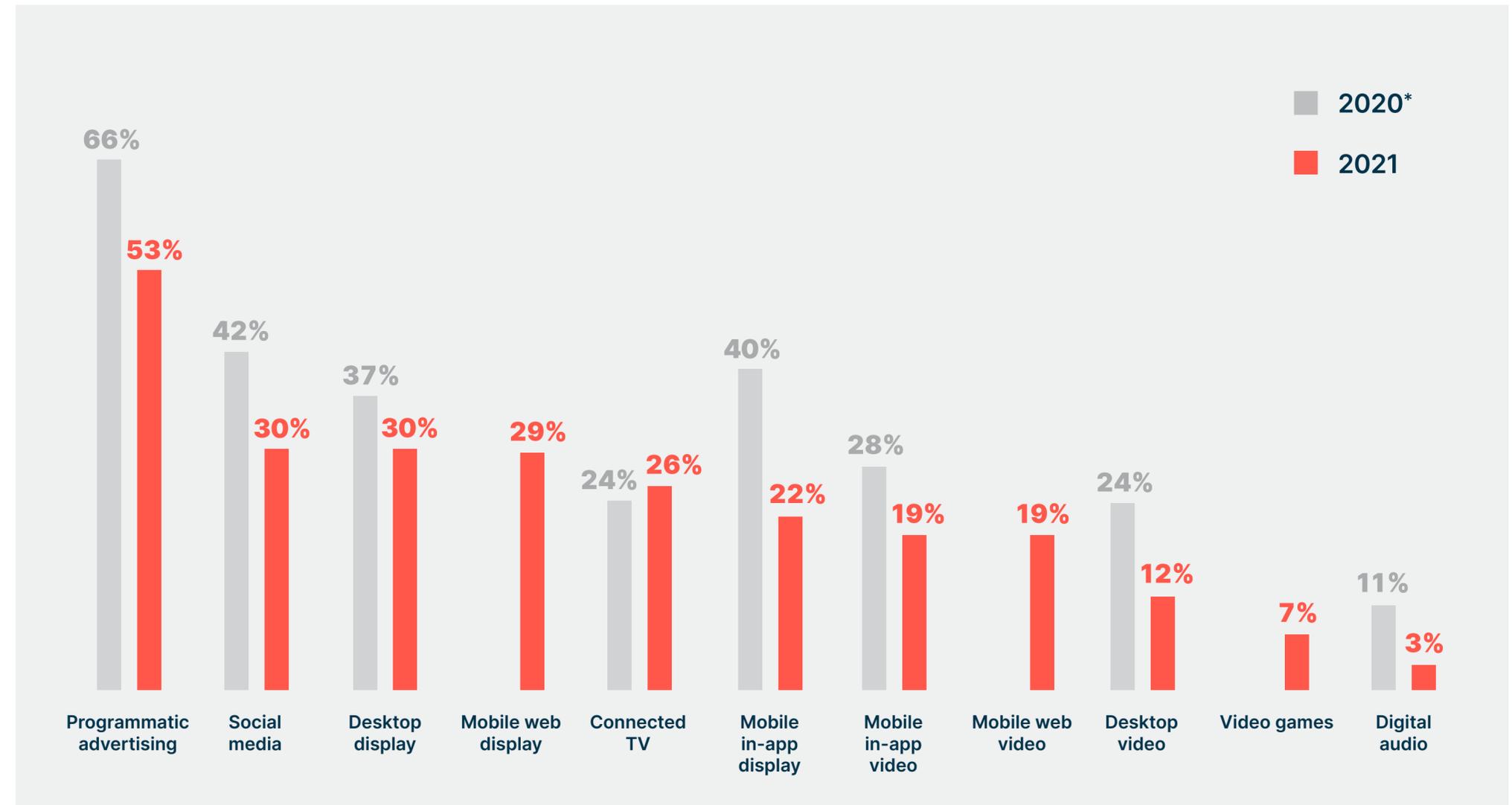
Industry perception toward
ad fraud and brand suitability



Environments most vulnerable to ad fraud

Compared to 2020, industry experts are less concerned about ad fraud in mobile in-app display environments. Focus remains on programmatic and is equally distributed across social media and desktop display environments.

Digital environment perceived to be most vulnerable to ad fraud, 2020 vs 2021



Q: Which of the following media types do you see as most vulnerable to ad fraud in the next 12 months? (Select up to three)

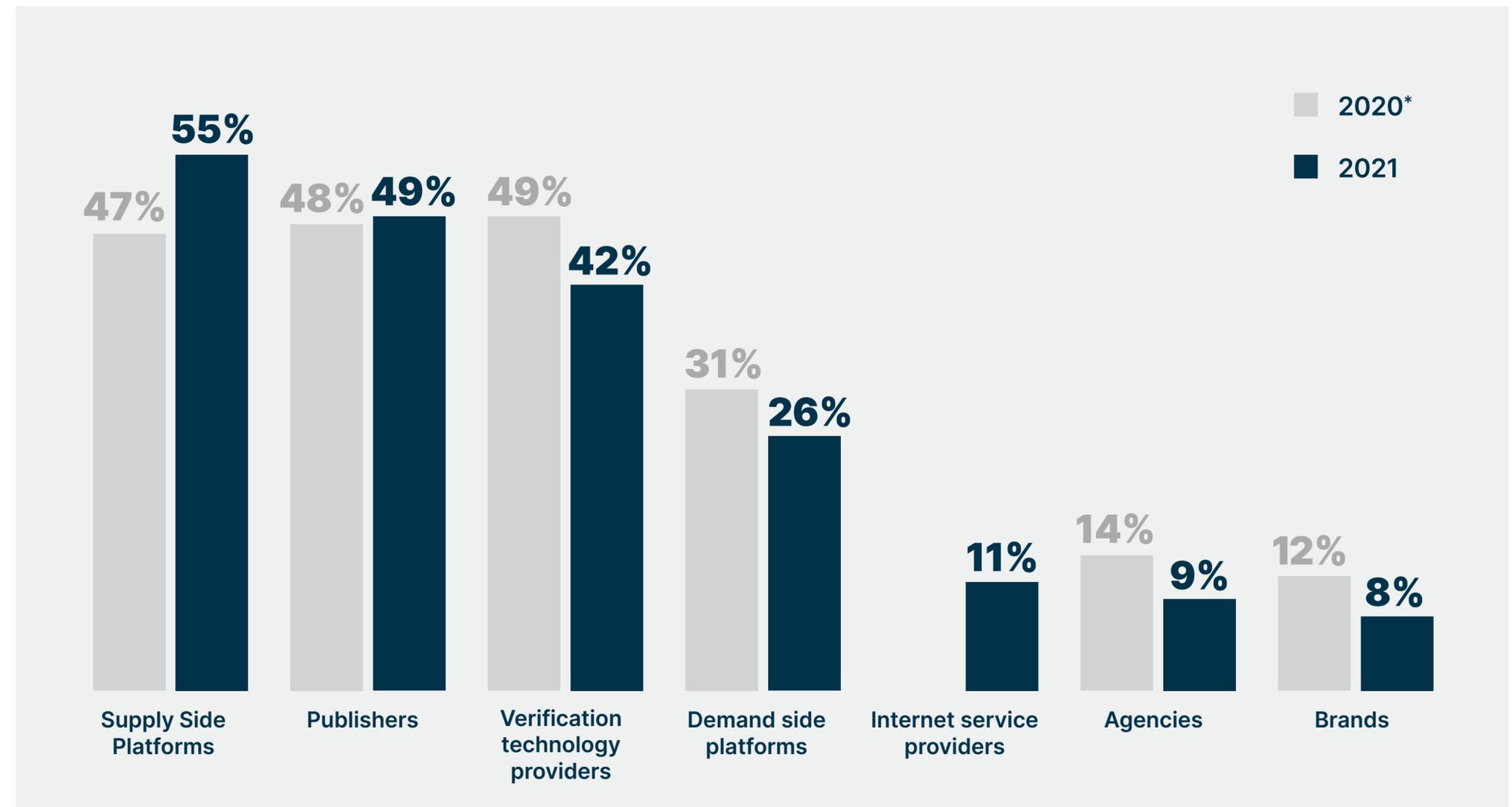
*Source: The Industry Pulse Report – A look into the digital media industry of today and tomorrow, Integral Ad Science, February 2020

Accountability for ad fraud mitigation

Efforts to mitigate fraudulent activity rest on the need for robust technology and expansive scale. Compared to last year, responsibility for ad fraud mitigation has shifted to supply side platforms.

While verification providers are perceived to have less responsibility than last year, the industry continues to look toward verification providers for ad fraud protection. With robust technology backed by science, and the scale to support partners around the globe, marketers believe verification providers have the wherewithal to truly protect the industry.

Who is most responsible for ad fraud mitigation?



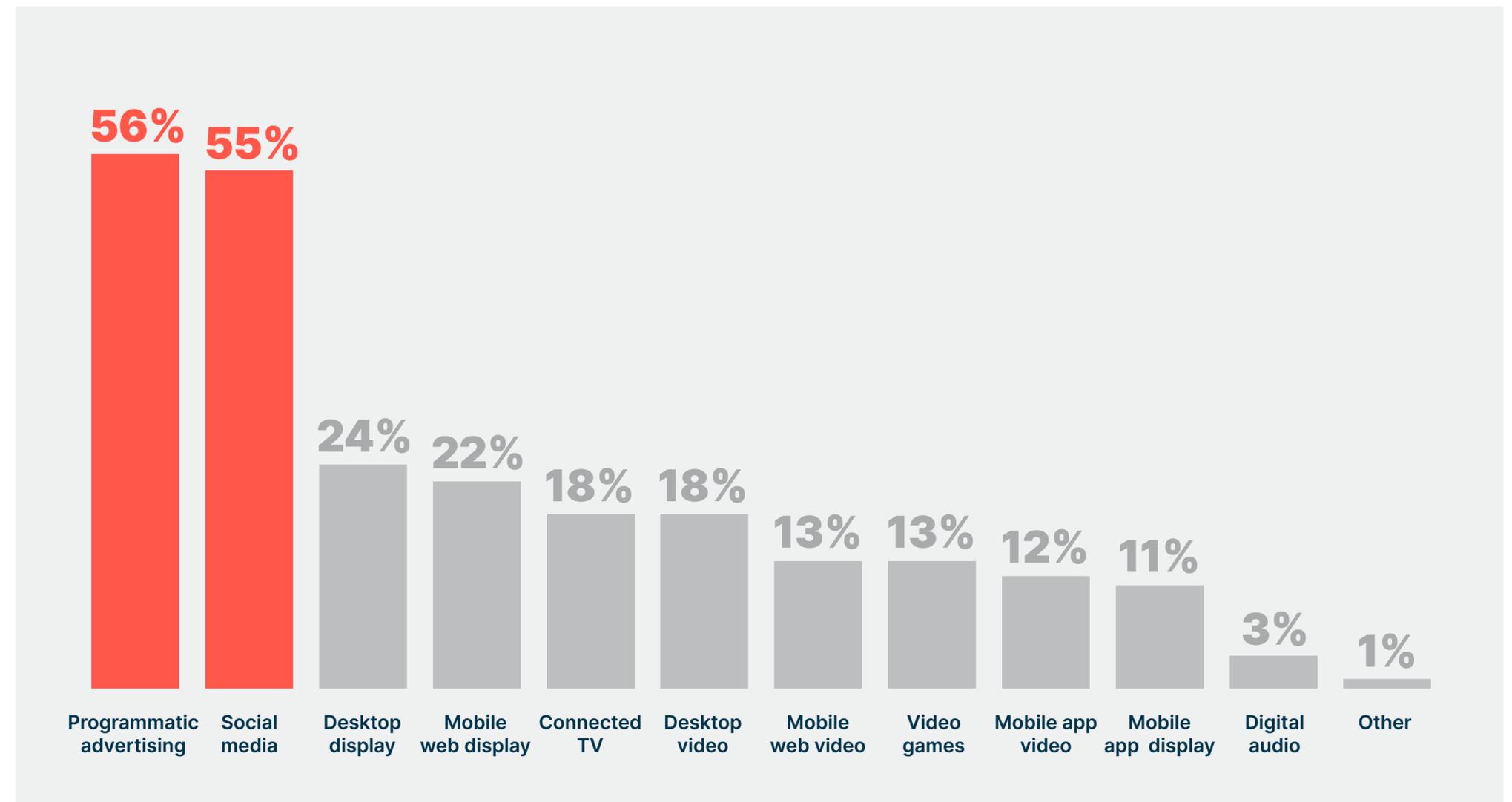
Thinking ahead to 2021, who should be most responsible for ad fraud mitigation efforts? (Rank from 1=most responsible to 7=least responsible)

*Source: The Industry Pulse Report – A look into the digital media industry of today and tomorrow, Integral Ad Science, February 2020

Environments most vulnerable to brand risk

Industry experts view programmatic and social media environments as most vulnerable to brand risk incidents. The speed of programmatic transactions and rate of user-generated content on social platforms present challenges to controlling content adjacencies.

Digital environment perceived to be most vulnerable to brand risk incidents in 2021



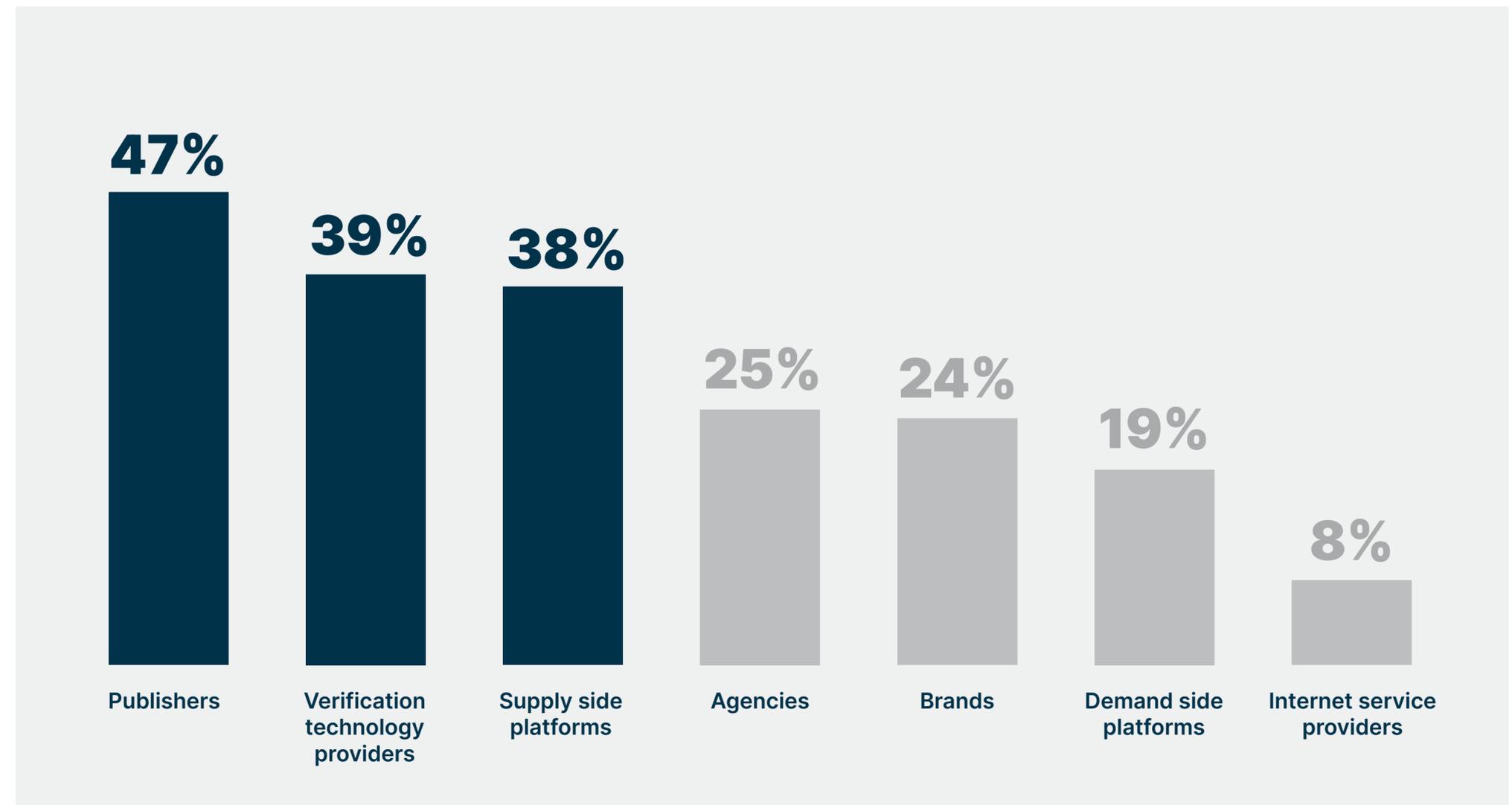
Which of the following media types do you think are the most likely to experience brand risk incidents in the next 12 months? (Select up to three)

Driving brand safety and suitability forward

Nearly half of industry experts say publishers should be held accountable for brand risk, followed by supply side platforms and verification providers.

Sophisticated marketers value brand suitability technology that enables the use of variables such as content adjacency, sentiment analysis, and audience demographics that suit their unique needs and goals.

Who is most responsible for brand risk?

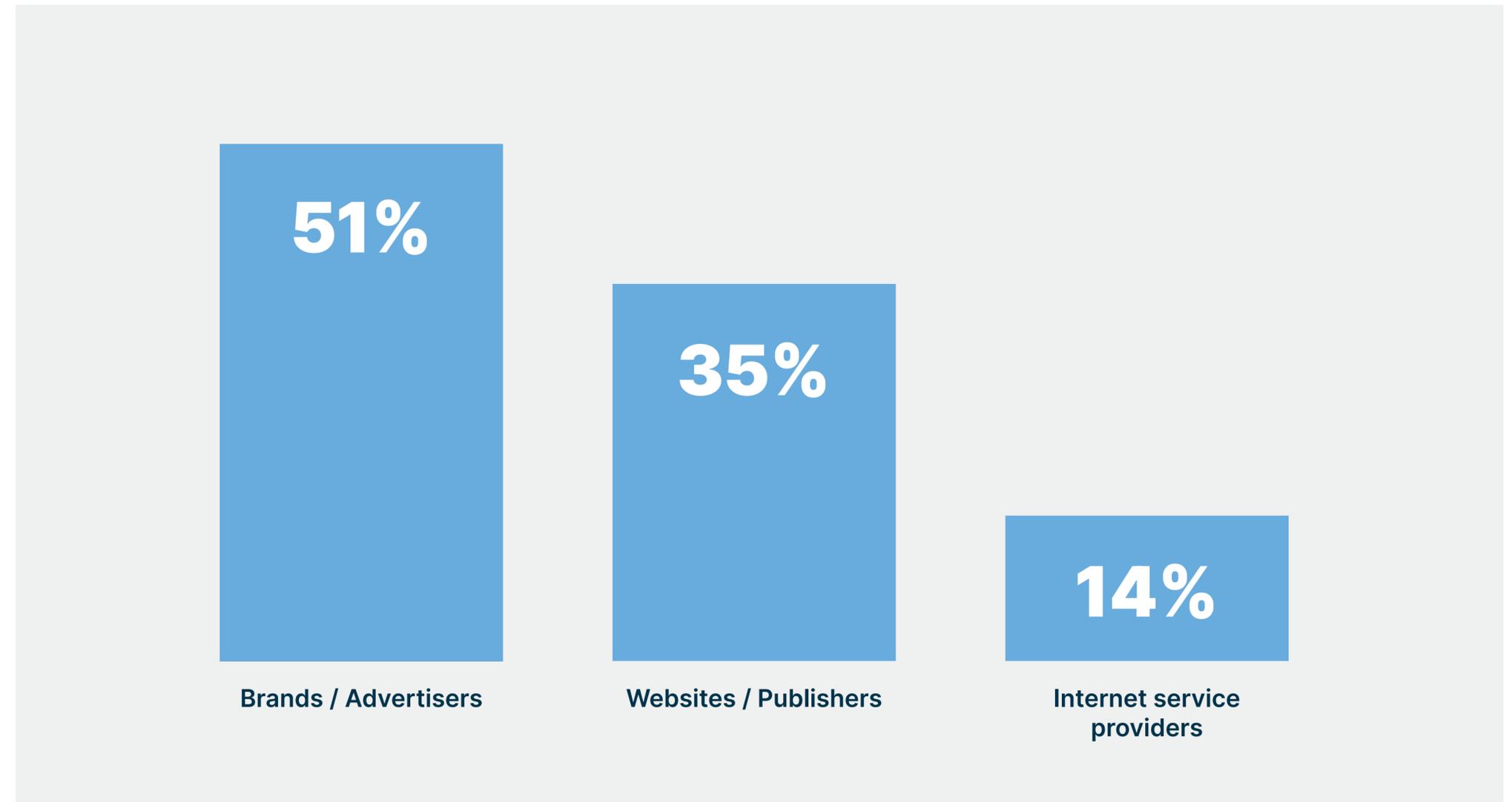


Thinking ahead to 2021, who should be the most responsible for brand risk mitigation efforts (e.g., drive brand safety strategy, use of monitoring/verification solutions, etc.)? (Rank from 1=most responsible to 7=least responsible)

Consumers on content ad adjacencies

While the industry sees publishers and verification providers as most responsible for brand suitability, consumers look to brands. In a recent IAS study, more than half of consumers said they see brands as responsible for the content their advertisements appear alongside.

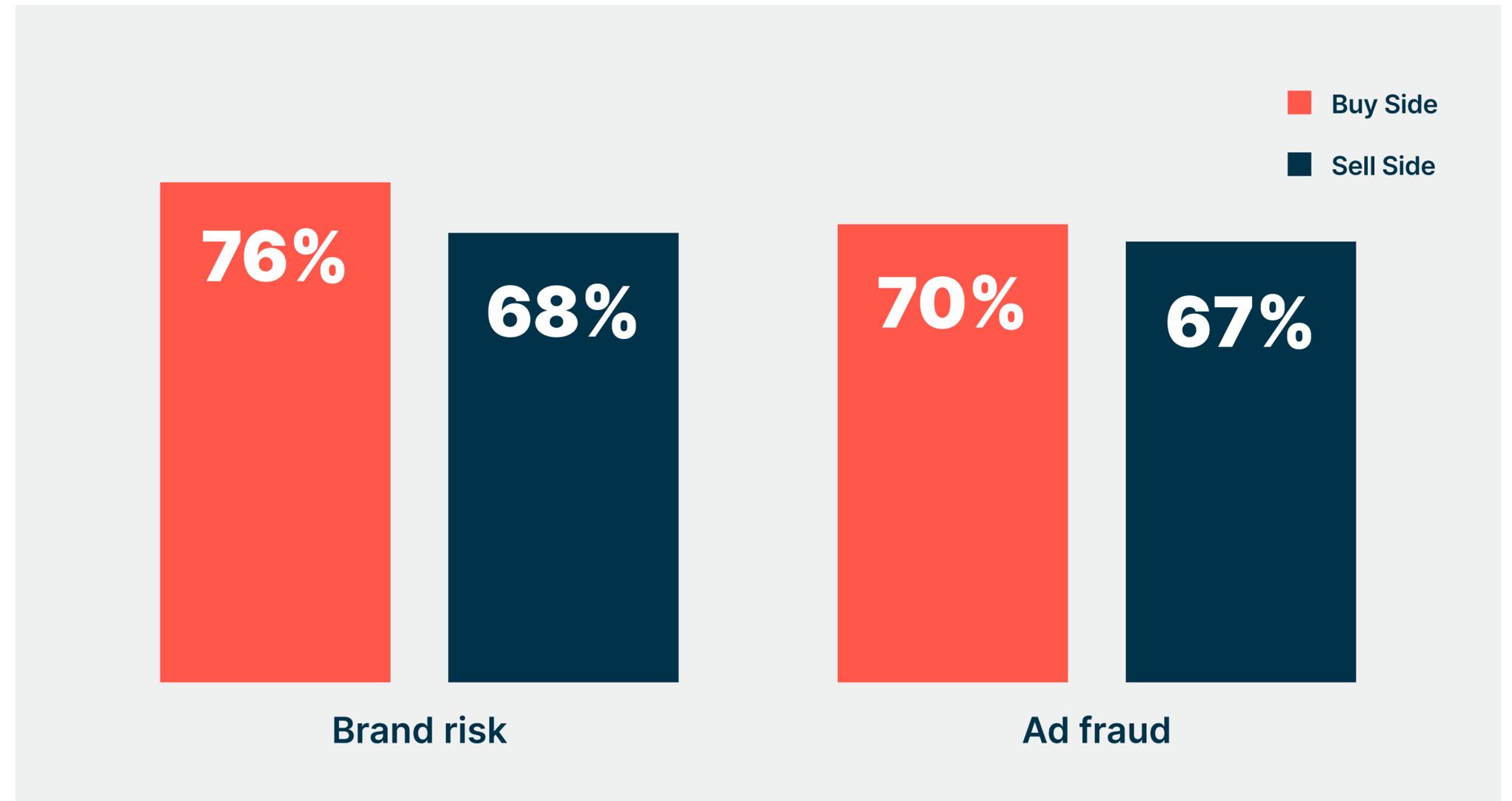
Who is most responsible for the type of content brands appear alongside?



Prioritizing ad fraud and brand risk mitigation

Approaching media quality with shared responsibility helps to mitigate threats and minimize impression waste. Regardless of accountability, both buyers and sellers intend on prioritizing ad fraud and brand risk mitigation efforts in the next year.

Industry experts agree brand risk and ad fraud mitigation are high priority for 2021



What level of priority will your organization give to taking control of ad fraud mitigation efforts when buying/selling digital advertising over the next 12 months?; What level of priority will your organization give to taking control of brand risk mitigation efforts (e.g., drive brand safety strategy, use of monitoring/verification solutions, etc.) when buying/selling digital advertising?

Advertising in a pandemic

The impact of a global crisis on the digital landscape



**64% of respondents said
the coronavirus will maintain
or increase their media
budget and revenue.**



How do you expect the coronavirus pandemic will impact your media budget / revenue in 2021 compared to the current year? (% of total)

Coronavirus content calls for dynamic brand suitability strategies

Regardless of the topic, brand suitability strategies should not only evaluate what's safe, but also consider the ideal content environments for a given brand's values and goals. Coronavirus content is no exception—experts say the brand suitability of coronavirus ad adjacencies depends on the brand. A 2020 IAS study showed that consumers agree: 41% of consumers also say that the suitability of coronavirus environments is brand specific.

In other words, brand safety is for everyone. Brand suitability is for **you**.

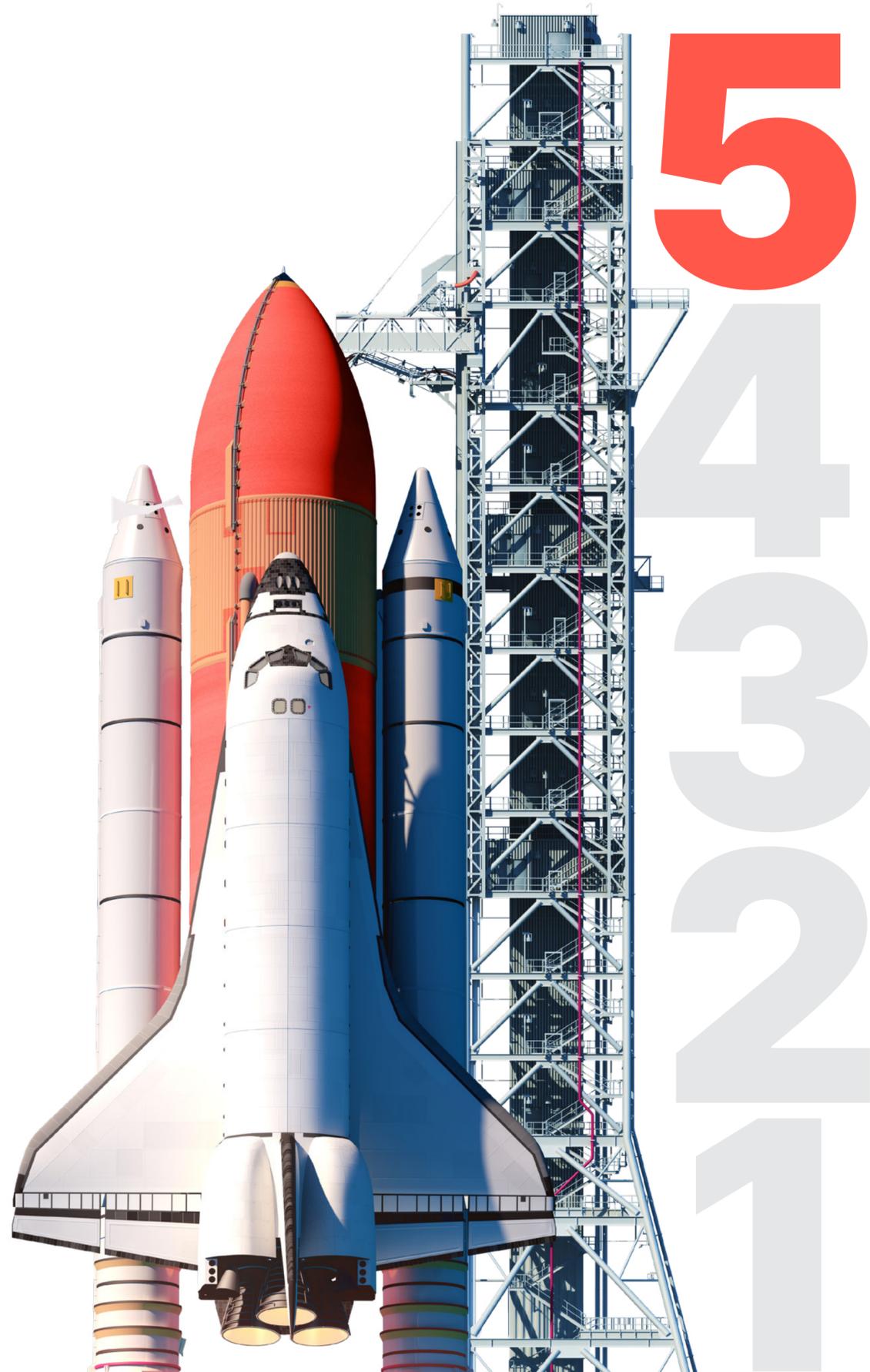
73%

of respondents said brand suitability around coronavirus news and content will depend on the brand



Thinking about the current coronavirus pandemic, do you consider online news and content about this virus as an unsuitable place for brands to advertise?

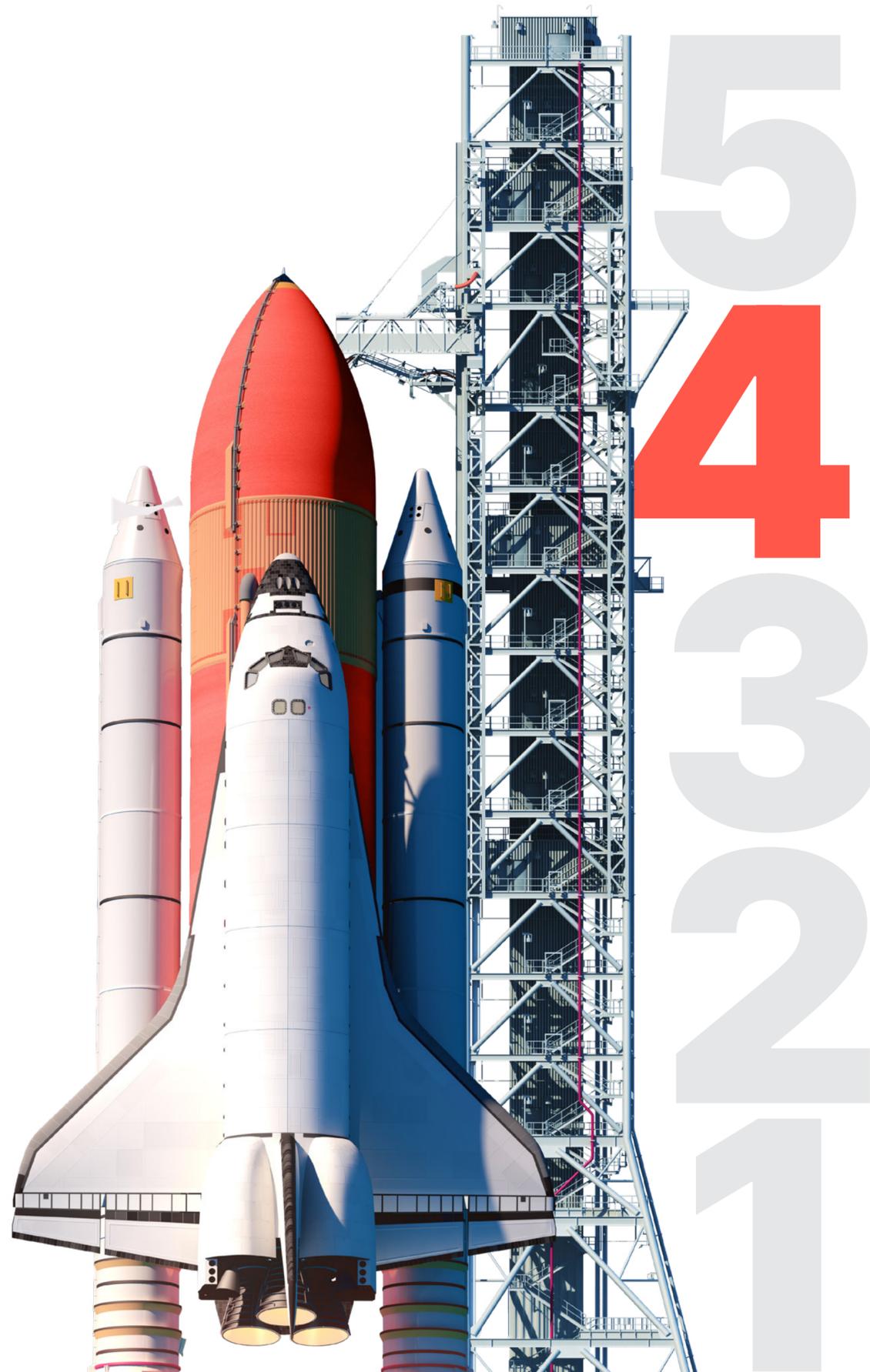
Key Takeaways



Top digital media priorities

Digital video, connected TV, and social media will be the top priorities in the year ahead—knocking mobile down the chain.

- #1 Digital video and over-the-top (OTT)
- #2 Connected TV
- #3 Social media



The future of TV is digital

Technological innovation will accelerate the shift in ad spend from linear TV to digital video and CTV.

88%

said the shift in ad spending from linear TV to digital video /CTV will accelerate in 2021

82%

said the shift in media consumption from linear TV to digital video / CTV will accelerate in 2021

62%

said digital video and CTV hold the most potential for innovation



Perceptions about transparency influence social media budgets

Social media platforms will remain an important component of digital strategies. Concerns about transparency in media quality metrics may impact social ad spend.

- 59% are likely to adjust social media ad spending due to insufficient media quality metric transparency
- 47% said social media will be a high priority in their 2021 media strategy
- 17% agree social platforms provide adequate transparency around brand risk and viewability



Mobile sophistication will drive opportunity

Mobile ubiquity will not deter innovation. Ad buyers are seeking to tap into next generation technology to drive mobile advertising opportunities.

72%

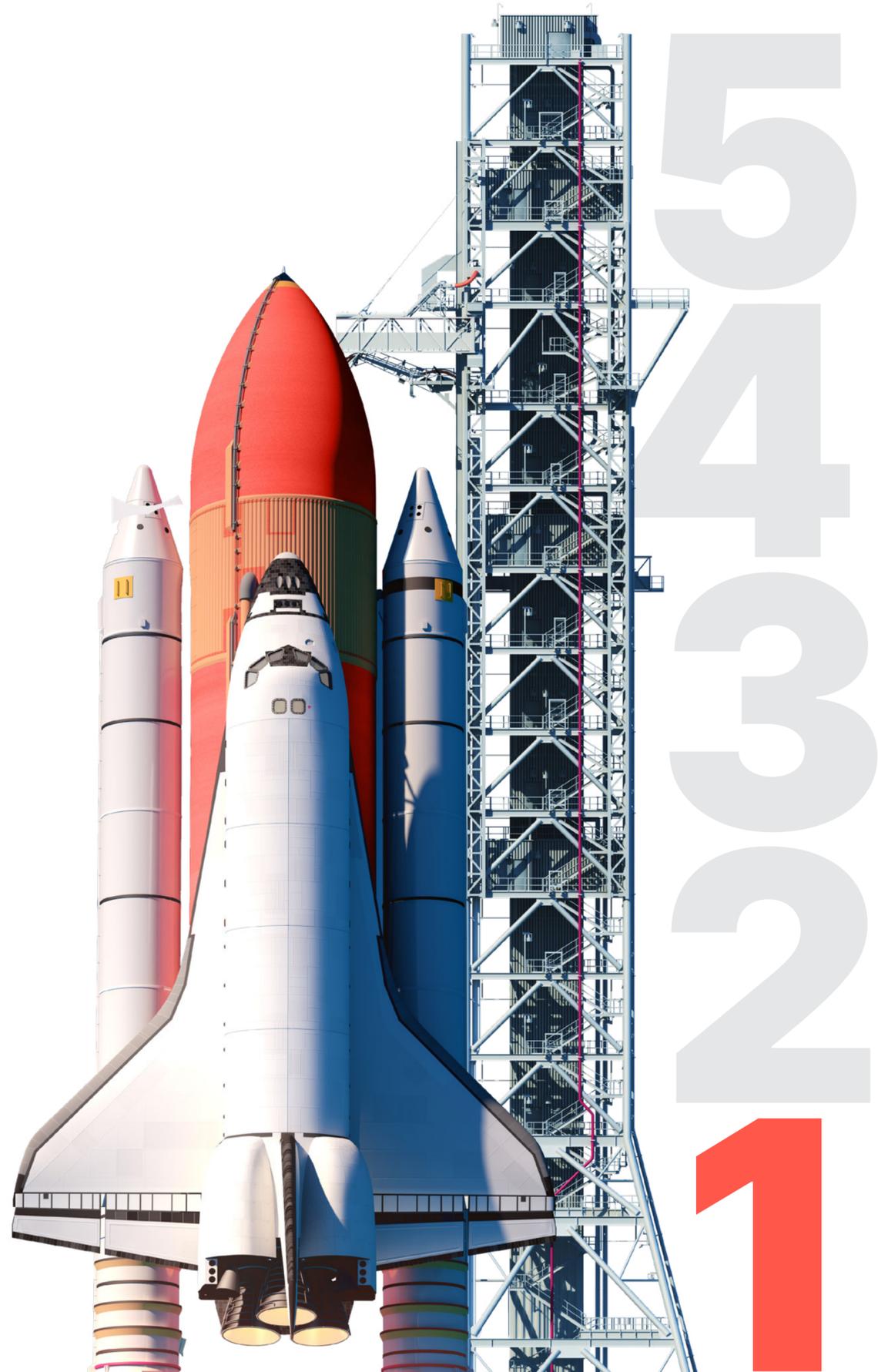
said growing mobile video consumption is a key business opportunity in 2021

66%

said sophisticated tools for assessing content within apps will drive innovation in mobile contextual advertising

58%

said 5G adoption will enhance mobile gaming to open new advertising opportunities



The focus on media quality continues

Industry experts hold publishers, sell-side platforms, and verification firms responsible to ensure media quality, but consumers hold brands accountable.

- 56% said programmatic is most likely to experience brand risk incidents
- 53% said programmatic is most vulnerable to ad fraud
- 51% of consumers hold brands responsible for the type of content their ads appear next to online
- 47% media experts said supply side platforms are most responsible for brand risk mitigation

About IAS

Integral Ad Science (IAS) is the global leader in digital ad verification, offering technologies that drive high quality advertising media. IAS equips advertisers and publishers with both the insight and technology to protect their advertising investments from fraud and unsafe environments as well as to capture consumer attention and drive business outcomes. Founded in 2009, IAS is headquartered in New York with global operations in 17 offices across 12 countries. IAS is part of the Vista Equity Partners portfolio of software companies. For more on how IAS is powering quality impressions for top publishers and advertisers around the world, visit integralads.com.

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info@integralads.com
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