



The Impact of Digital Media

Questions?

Kristina Sruoginis

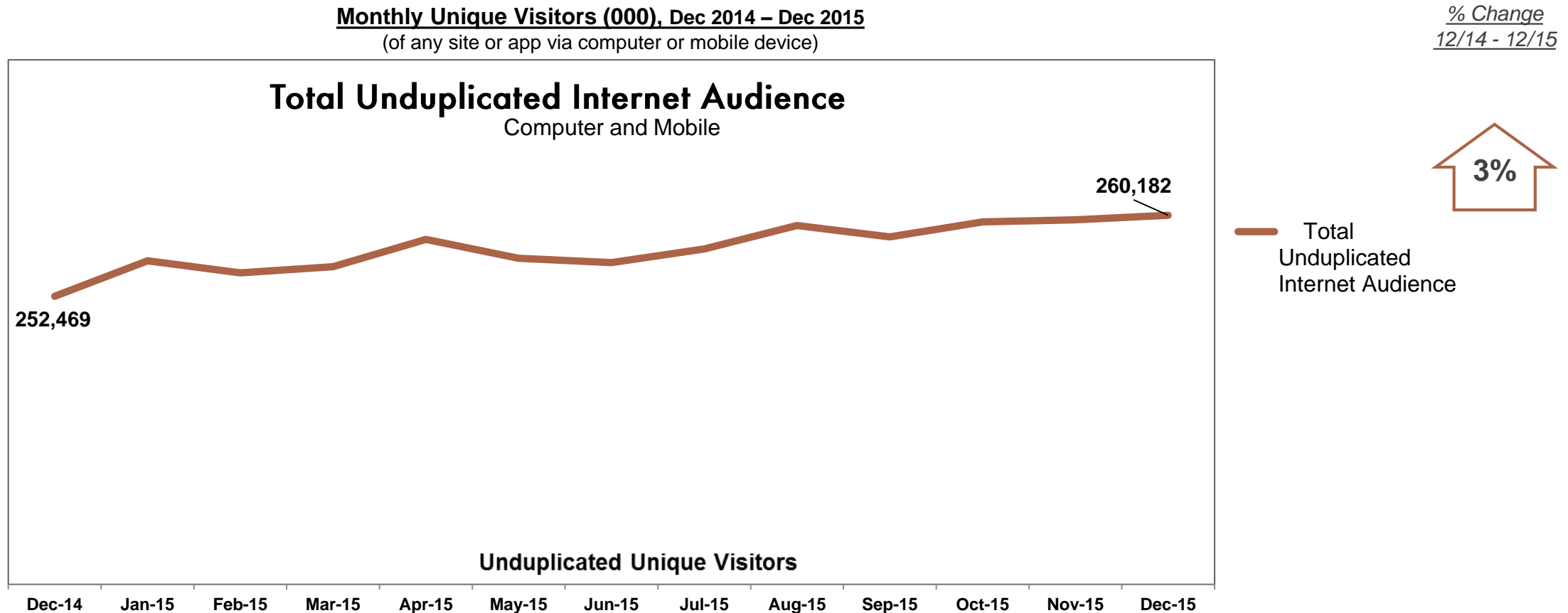
IAB Research Director

Kristina@IAB.com

More Consumers Use Digital and Mobile

More Consumers are Accessing the Internet on Computers and Mobile Devices

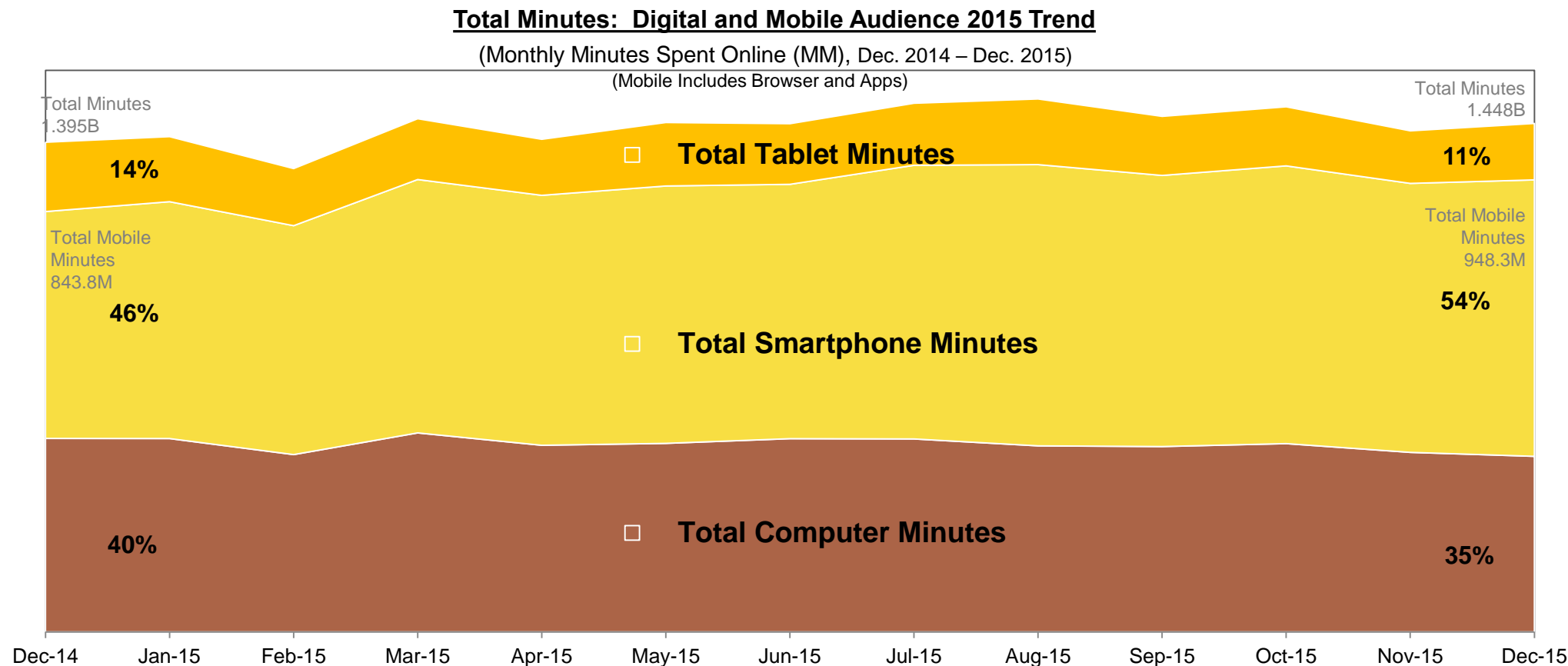
- The total audience accessing the internet via computer or mobile device has grown 3% over 2015 to 260 million monthly visitors (or 81% of the US population of 320M).



Source: ComScore US Media Metrix MultiPlatform Dec. 2014 to Dec. 2015, Total Unduplicated Internet Audience.

Time Spent Online Continues to Grow, Driven by Smartphone Use

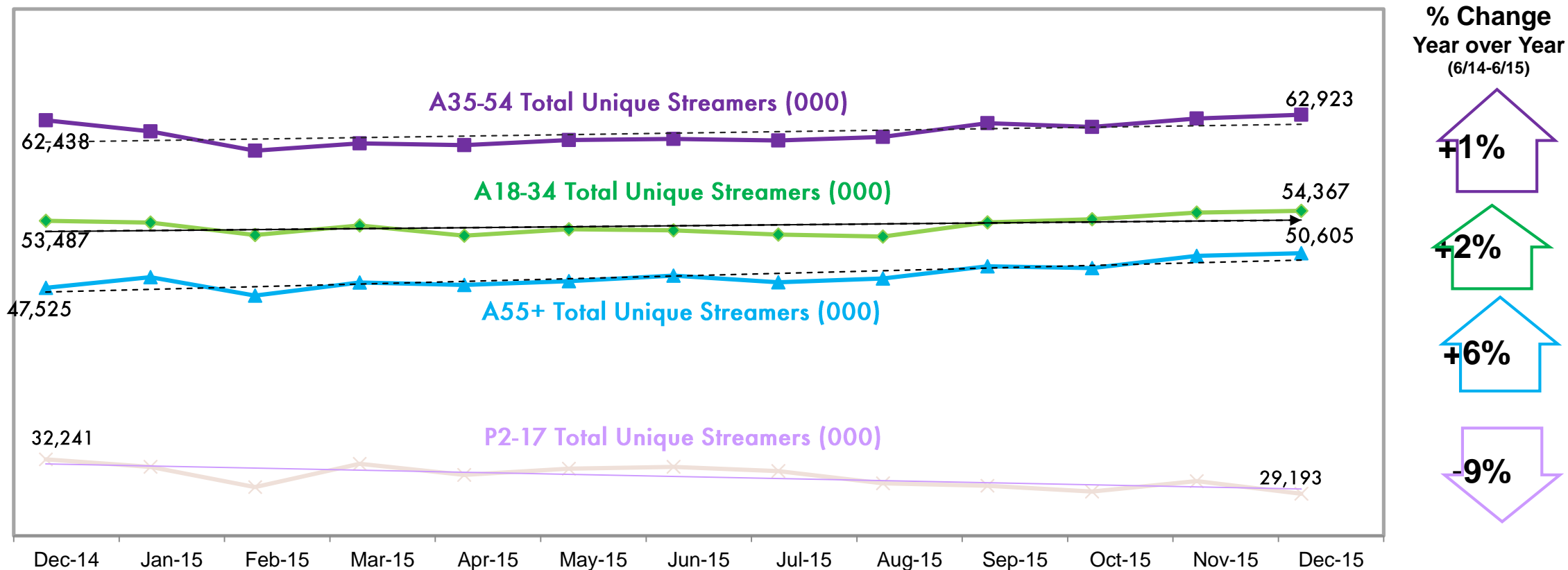
- While more users (up 3%) continue to spend more time online overall (up 4%), most of that growth is driven by consumers on smartphones



Source: comScore US Media Metrix Multi-Platform, Dec '14 – Dec '15, Total Internet Time Spent (MM)

More Adults 55 and Older Are Streaming Videos While Those Under 18 are Shifting to Mobile Video

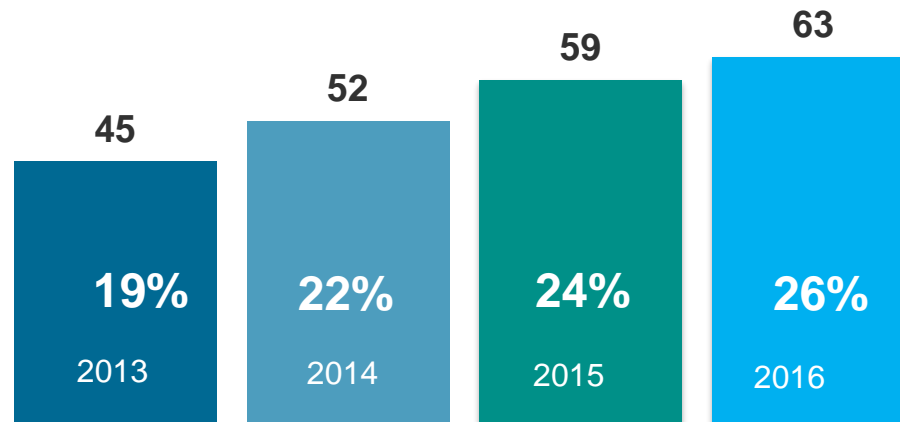
- 35-54 year olds still make up the largest demo of computer-based video streamers
- More Adults 18 and older are streaming videos using a computer



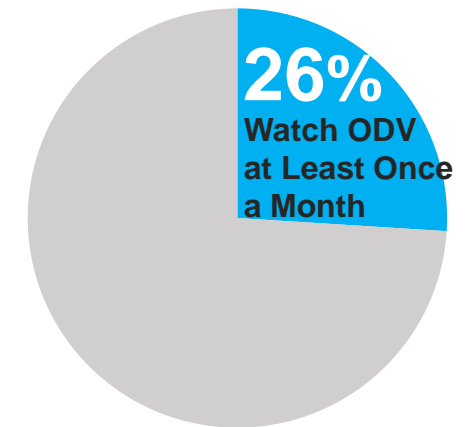
ComScore VideoMetrix Jun. '14 – Jun. '15, Total Audience, Home and Work. Doesn't include mobile.

26% of US Adults Watch Original Digital Video Monthly

US Adult Population Watched Original Digital Video at Least Once a Month (millions)



US Adults 18 and Older

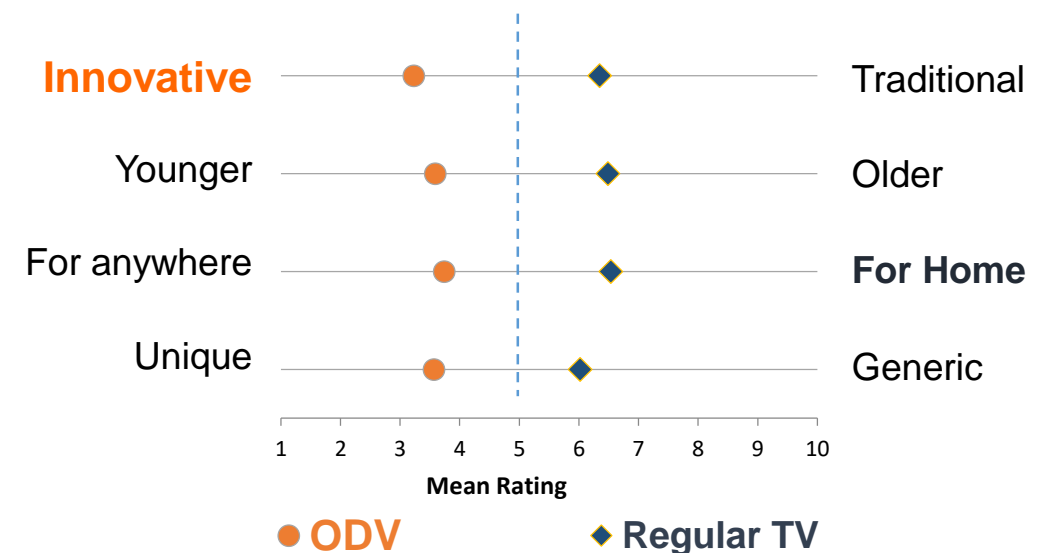


Original Digital Video is More Innovative and its Ads are More Memorable and Fun

38% Say They Tend to Remember Ads in Original Digital Video

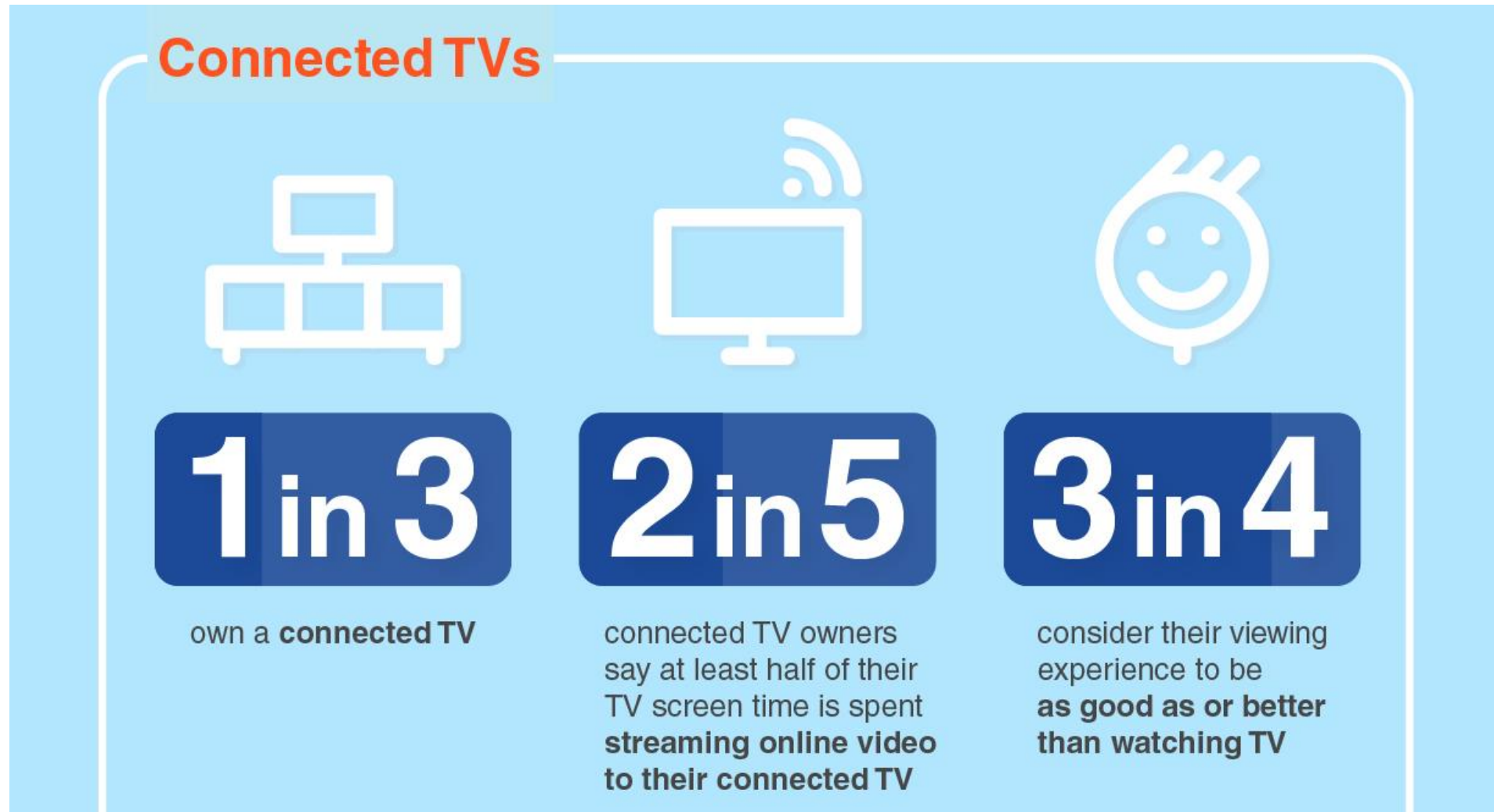
36% Find Ads in Original Digital Video to be "More Interesting" or "Fun"

Image – ODV vs. Regular TV



Digital is Changing the Consumer TV Experience

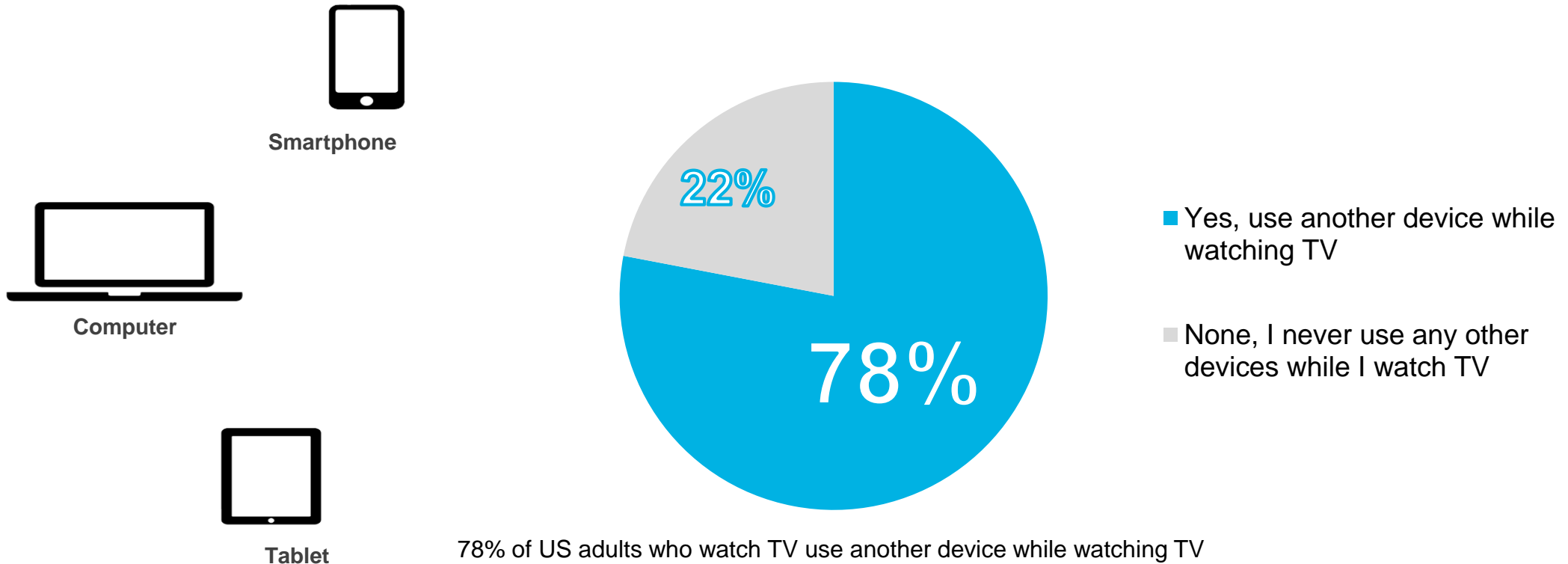
Connected TV is Changing the Way Consumers Watch TV



And Most TV Viewers Are Multiscreening

- For the majority of the TV viewing audience, watching TV is no longer a standalone experience

Use Another Device While Watching TV



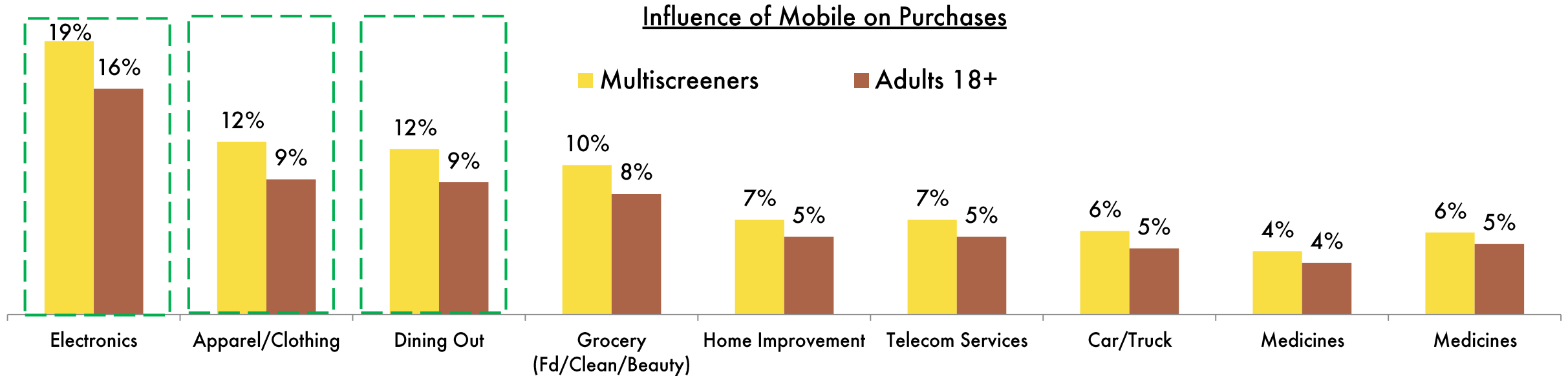
Q: Which of the following devices, if any, do you use simultaneously while watching TV?

Base: Adults 18+ who Use TV (600)

Mobile More Likely to Influence Multiscreeners' Purchases

- **Especially Electronics, Clothing and Dining**

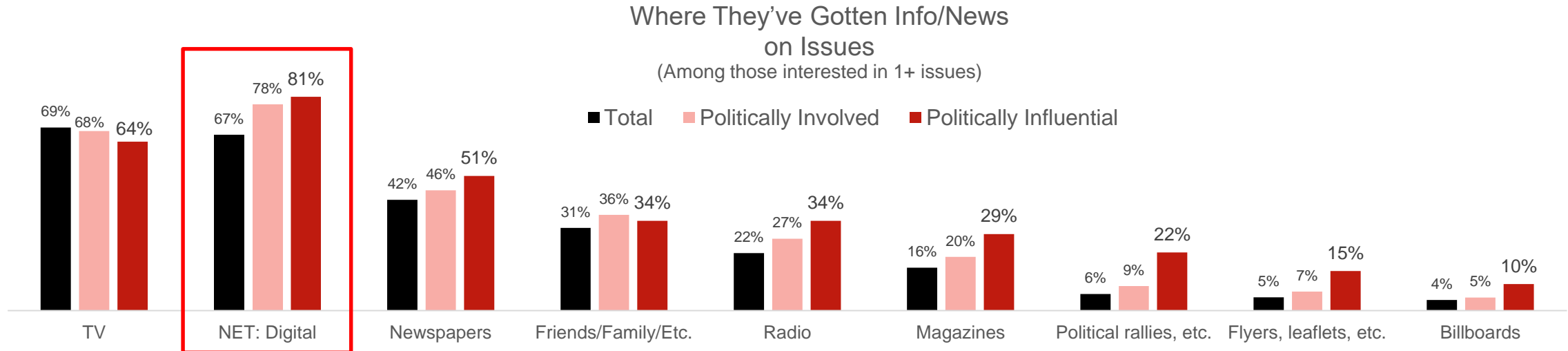
For each of the following retail categories, please tell us which of the following media influences your purchases. (Please check all that apply):
(Mobile Devices)



Multiscreeners are Adults 18 and older who regularly go online while watching TV. N = 19,774 A18+, N = 7,906 Multiscreeners

Digital is a Top Source for Election Information

Over 2/3 of registered voters get political issue information and news online - on par with TV



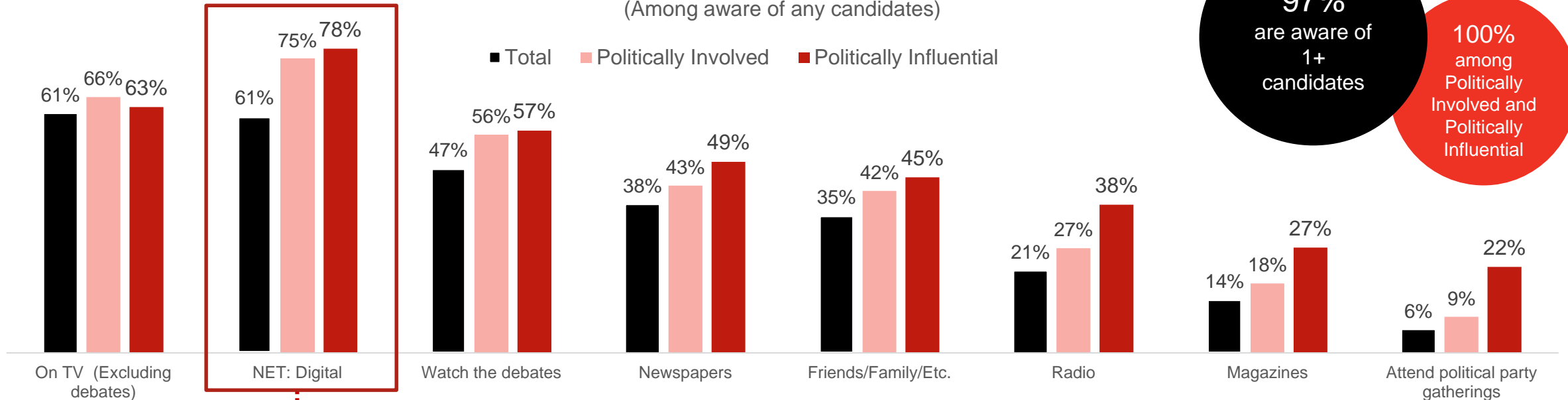
	Total	Politically Involved	Politically Influential
Websites on computer	45%	55%	55%
Social media	30%	38%	38%
Online search	29%	37%	43%
Websites on smartphone/tablet	21%	27%	32%
Online video	15%	20%	28%
Mobile apps	7%	10%	16%

Registered voters rely as much on digital sources as TV for candidate information

- Politically Involved, especially the Influentials, rely on digital sources more than TV

Where *They Learn More* About Candidates

(Among aware of any candidates)



97% are aware of 1+ candidates

100% among Politically Involved and Politically Influential

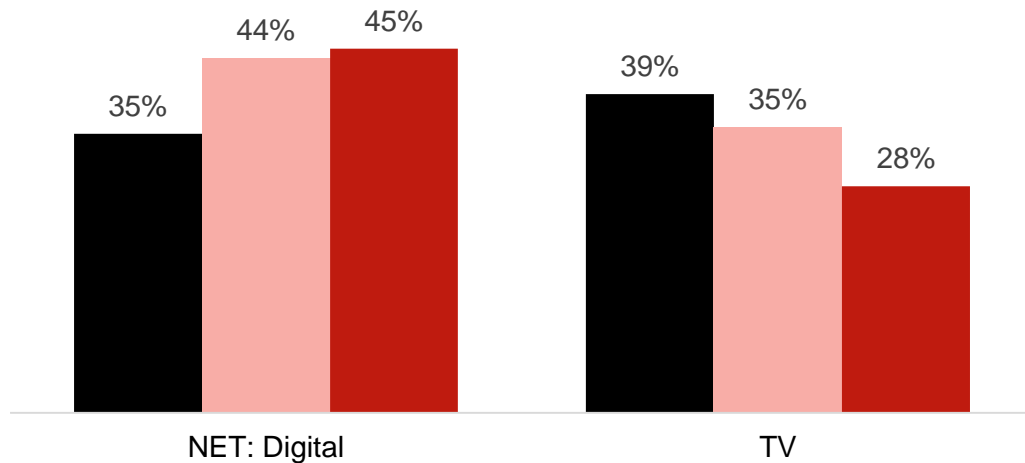
	Total	Politically Involved	Politically Influential
Websites using a computer	38%	50%	53%
Online search	29%	38%	41%
Social media	28%	37%	43%
Online video	19%	27%	31%
Websites using a smartphone/tablet	19%	26%	33%
Mobile apps	6%	9%	18%

Over a third of registered voters say digital will be the most important way to get candidate and issue information for the 2016 elections

Among Politically Involved and Politically Influential, digital sources surpass TV as the most important source for candidate and for issue info they will use in this election season

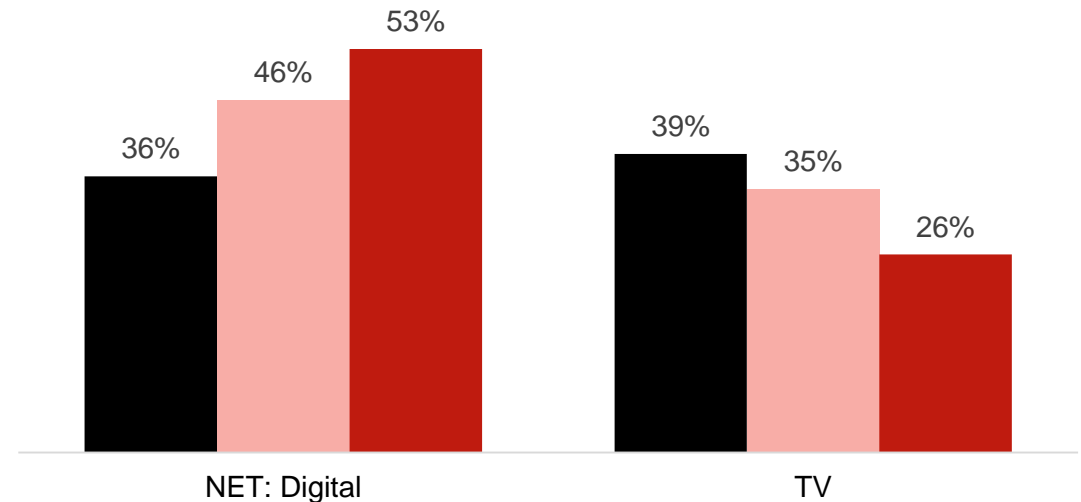
Most Important Source for Candidate Info

■ Total ■ Politically Involved ■ Politically Influential



Most Important Source for Issue Info

■ Total ■ Politically Involved ■ Politically Influential



Q16. Overall, thinking about all the ways you'll learn about candidates in the upcoming 2016 elections, what would you say is the most important way you will gather information and learn more about the candidates this election season?

Q21. Overall, thinking about all the ways you'll learn about political issues in the upcoming 2016 elections, what would you say is the most important way you will gather information and learn more about political issues this election season?

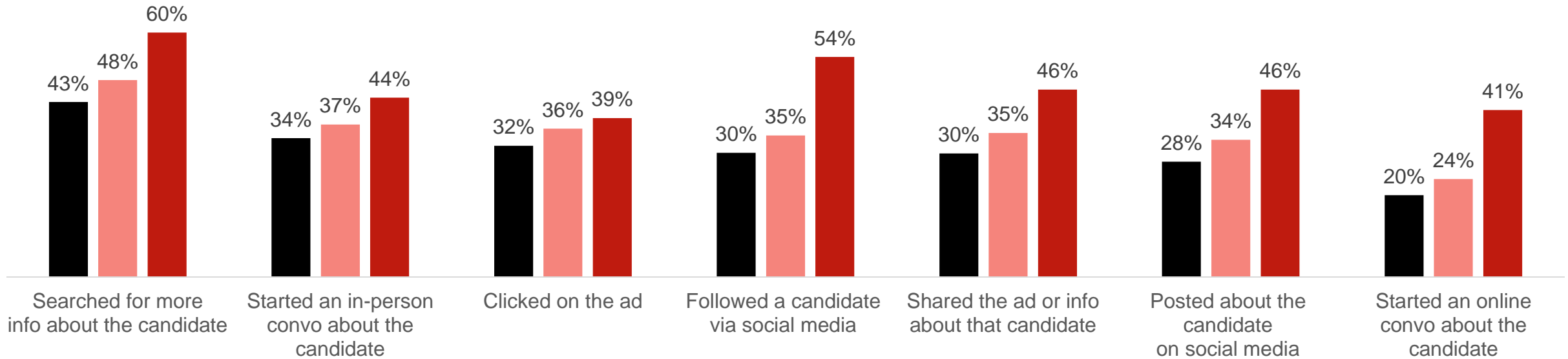
Base: Total

Political Influentials are most likely to take action after seeing a digital ad

Actions Taken Based On Digital Candidate Ads

(Among those who have seen a digital ad)

■ Total ■ Politically Involved ■ Politically Influential



74% of those who have seen an online/mobile candidate ad have taken an action

81% among Politically Involved; 86% among Politically Influential

Social media plays a unique role among registered voters in the election process

28% of registered voters say they generally get their info on political candidates (30% on issues) from Social Media.

Paid Registered voters see social media ads, say candidate ads influence them

25% of registered voters recall seeing an ad for a candidate (17% for an issue) on social media (vs. 61% on TV, 25% on a website)

29% registered voters say that seeing ads about a candidate can sometimes influence their opinion

Owned Registered voters follow candidates and read political articles on social media

22% of registered voters follow candidates on social media

31% of registered voters read political articles and links that friends post on social media

Earned Registered voters share political articles but also are equally likely to offend their friends by political posts

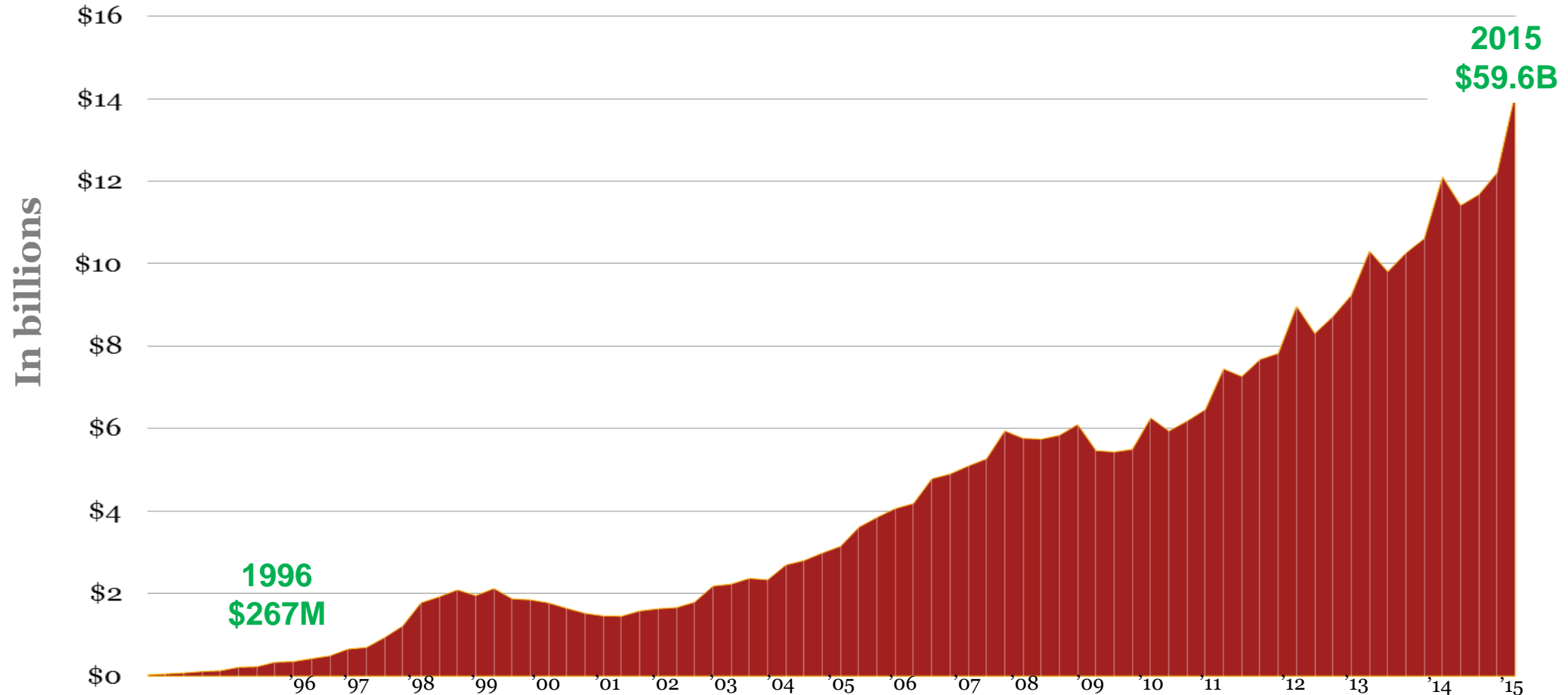
23% of registered voters often share articles on political issues on social media

24% of registered voters have 'defriended' or 'unfollowed' someone due to political posts on social media

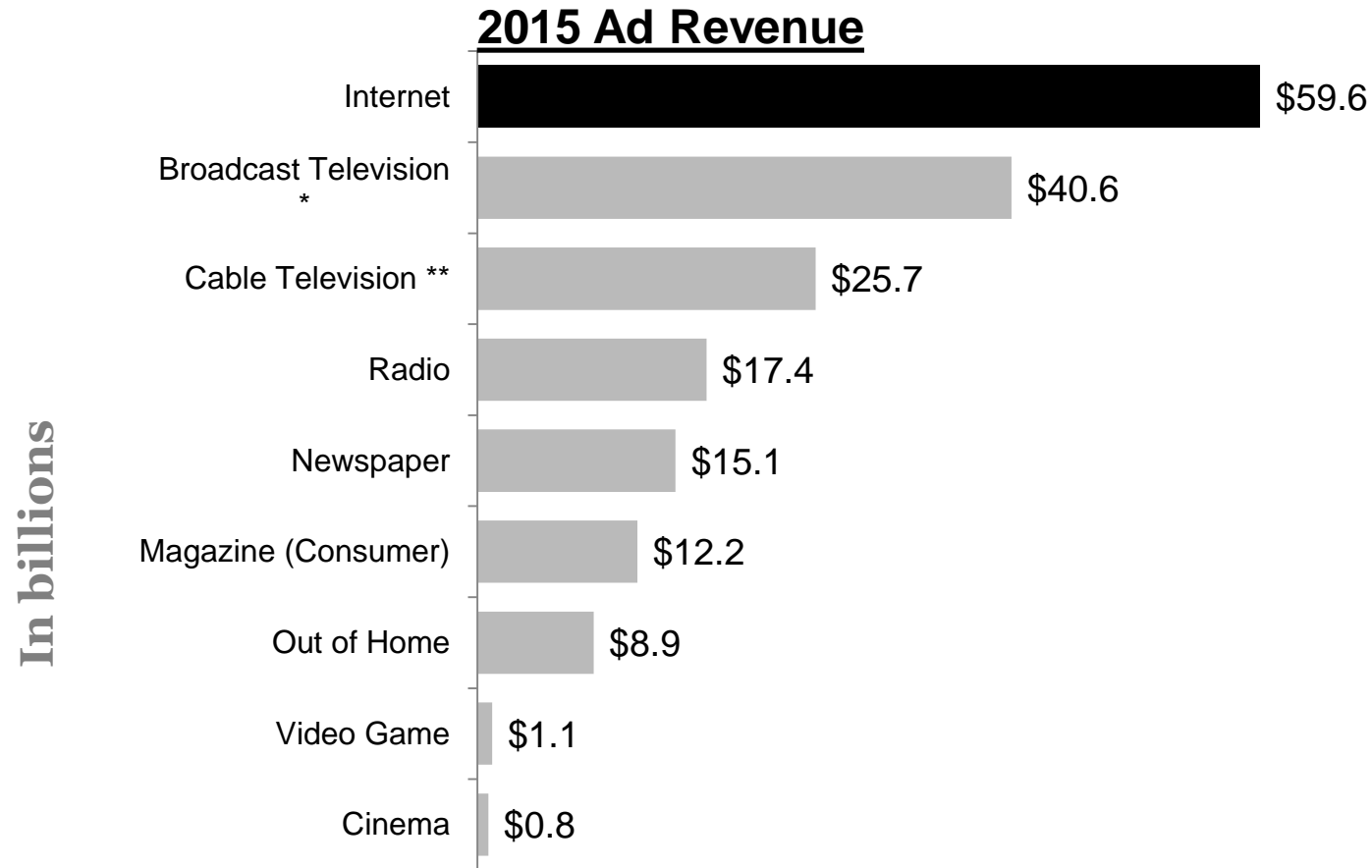
**As a Result, Advertisers are Spending
More on Digital and Mobile Media**

Internet Ad Revenue Shows Strong Growth Over 20 Years

Quarterly Internet Ad Revenue Growth Trends, in Billions 1996–2015



Internet Ad Revenue Outpaces Other Media



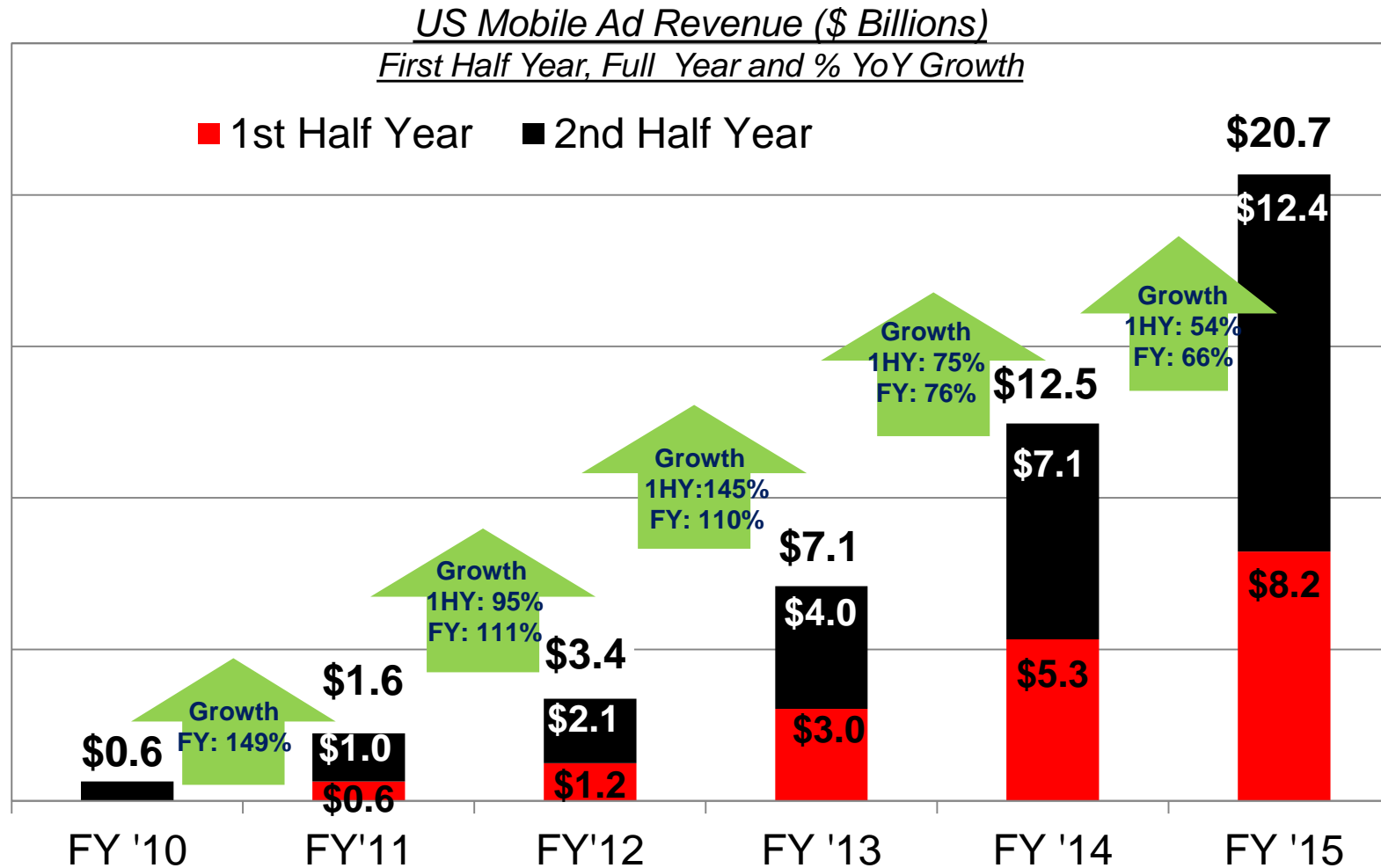
Sources: IAB/PwC Internet Ad Revenue Report, FY 2015; PwC

† The total U.S. advertising market includes other segments not charted here.

* Broadcast Television includes Network and Syndicated and Spot television advertising revenue.

** Cable Television includes National Cable Networks and Local Cable television advertising revenue.

Mobile Advertising Revenue Continues to Grow



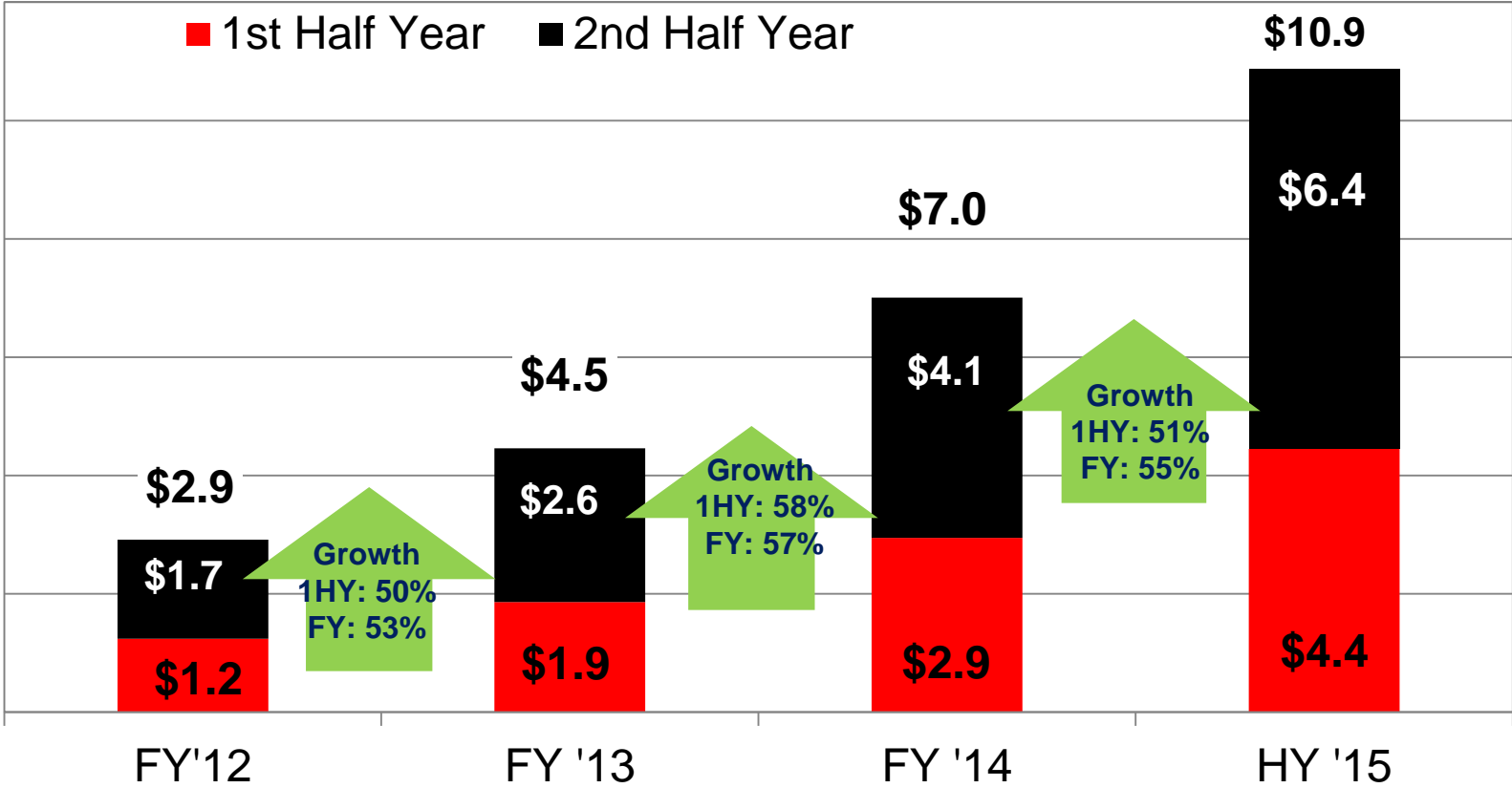
*Full year totals accurately reflect the sum of half year totals as rounded to two decimal places.

Source: IAB Internet Advertising Revenue Reports, Full and Half Year 2010-2015

Source: IAB 2015 Full Year and Q4 2015 Internet Advertising Revenue Report

Social Media Advertising Revenue Grows Over 50% Every Year Measured

*US Social Media Ad Revenue (\$ Billions)
First Half Year, Full Year and % YoY Growth*



Source: IAB Internet Advertising Revenue Reports, Full and Half Year 2012-2015

Source: IAB 2015 Full Year and Q4 2015 Internet Advertising Revenue Report

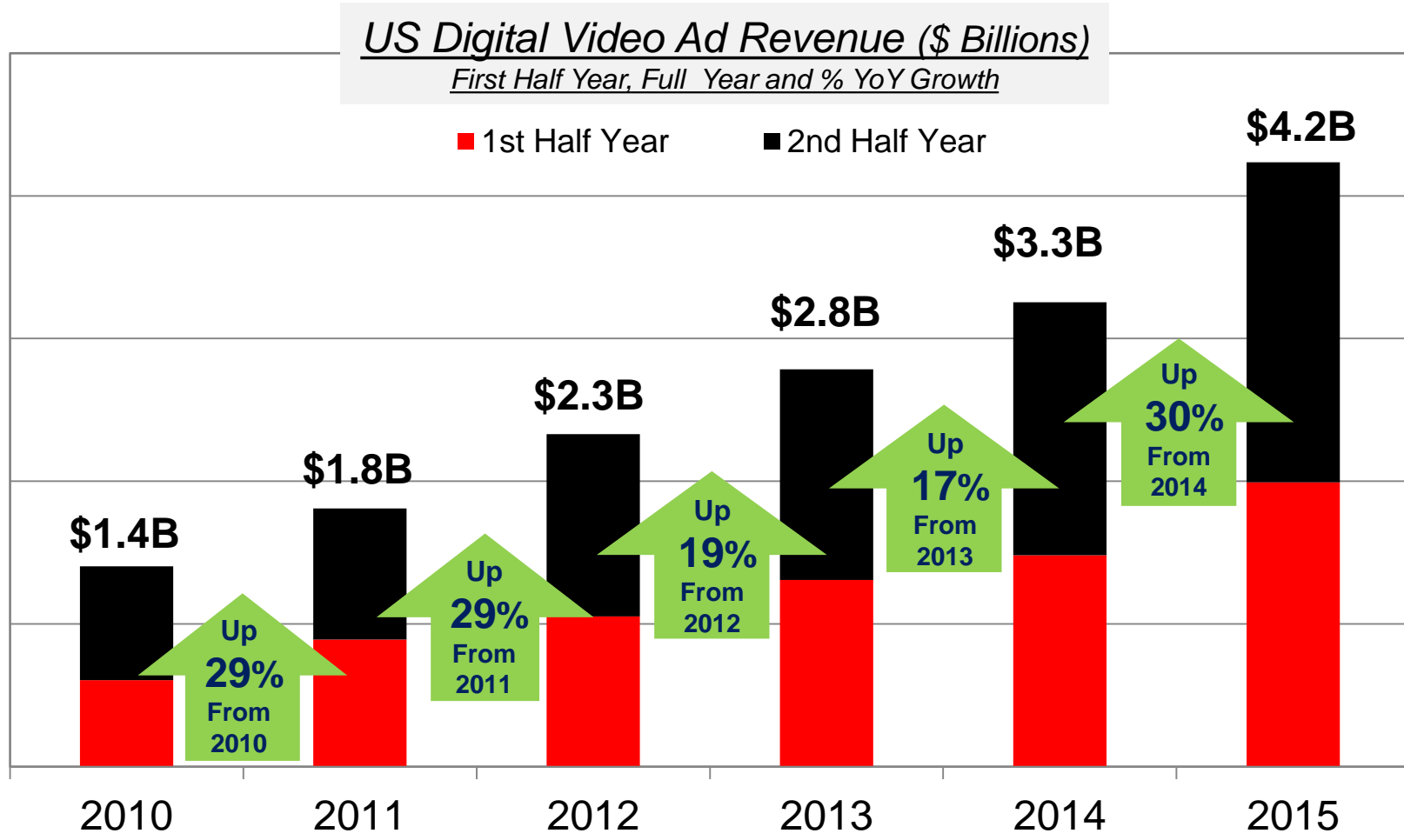


2015 Digital Video Ad Revenue: \$4.2 Billion

Full Year Revenue Has Tripled Since 2010

2015
Internet Ad Revenue
\$59.5B

Up
20%
From
2014

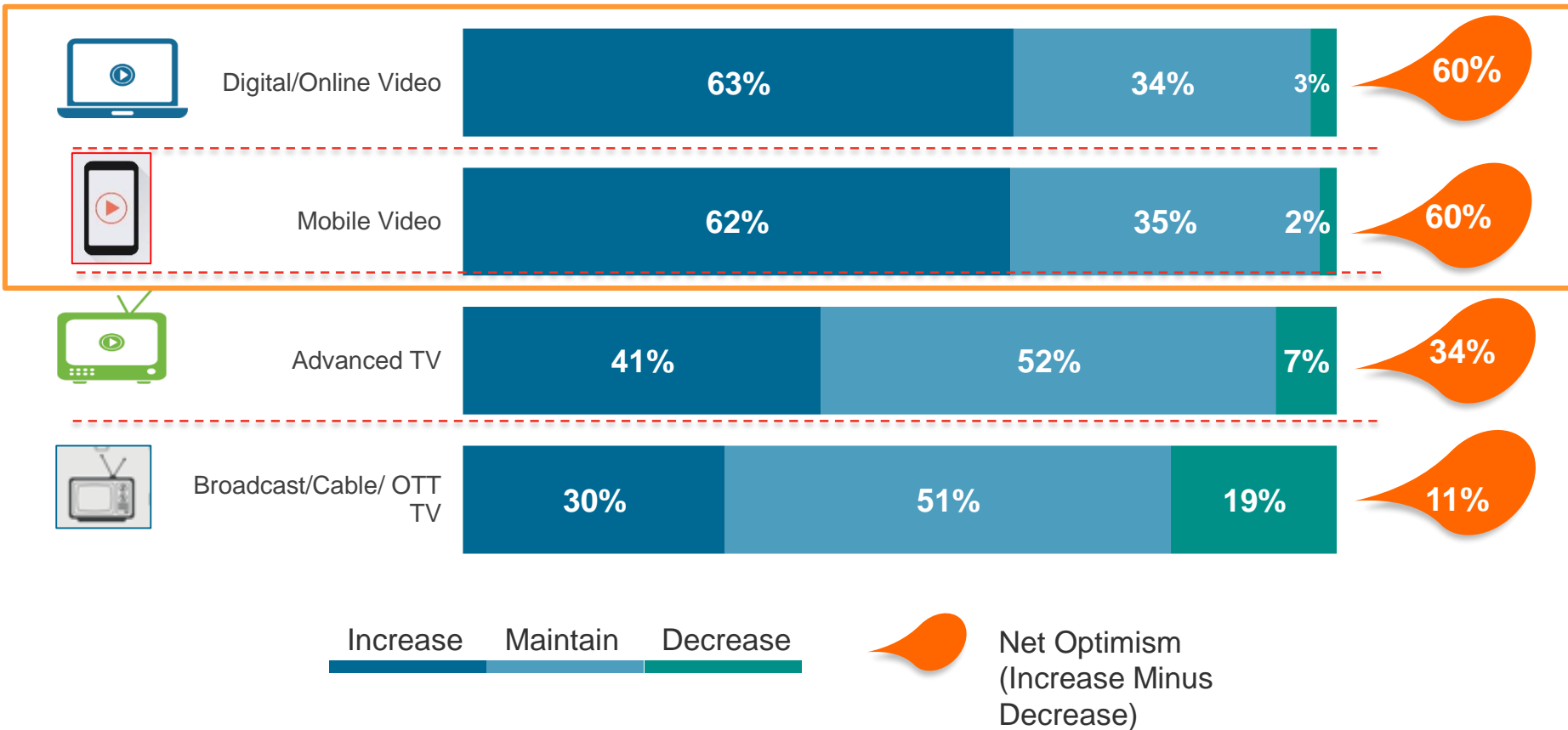


Source: IAB Internet Advertising Revenue Reports, Full and Half Year 2010-2015

Nearly Two-Thirds of Buyers Plan to Spend More on Digital and Mobile Video

Highest Optimism for Digital Video and Mobile Video Advertising | Most Expecting to Maintain Current TV Spend Levels

Spending Optimism for Video and TV Advertising Types



TV-Focused buyers show greater Spend Optimism than their Digital-Focused counterparts across all media types

Digital Video
 - Digital-Focused: 60%
 - TV-Focused: 77%

Mobile Video
 - Digital-Focused: 60%
 - TV-Focused: 76%

Advanced TV
 - Digital-Focused: 36%
 - TV-Focused: 59%

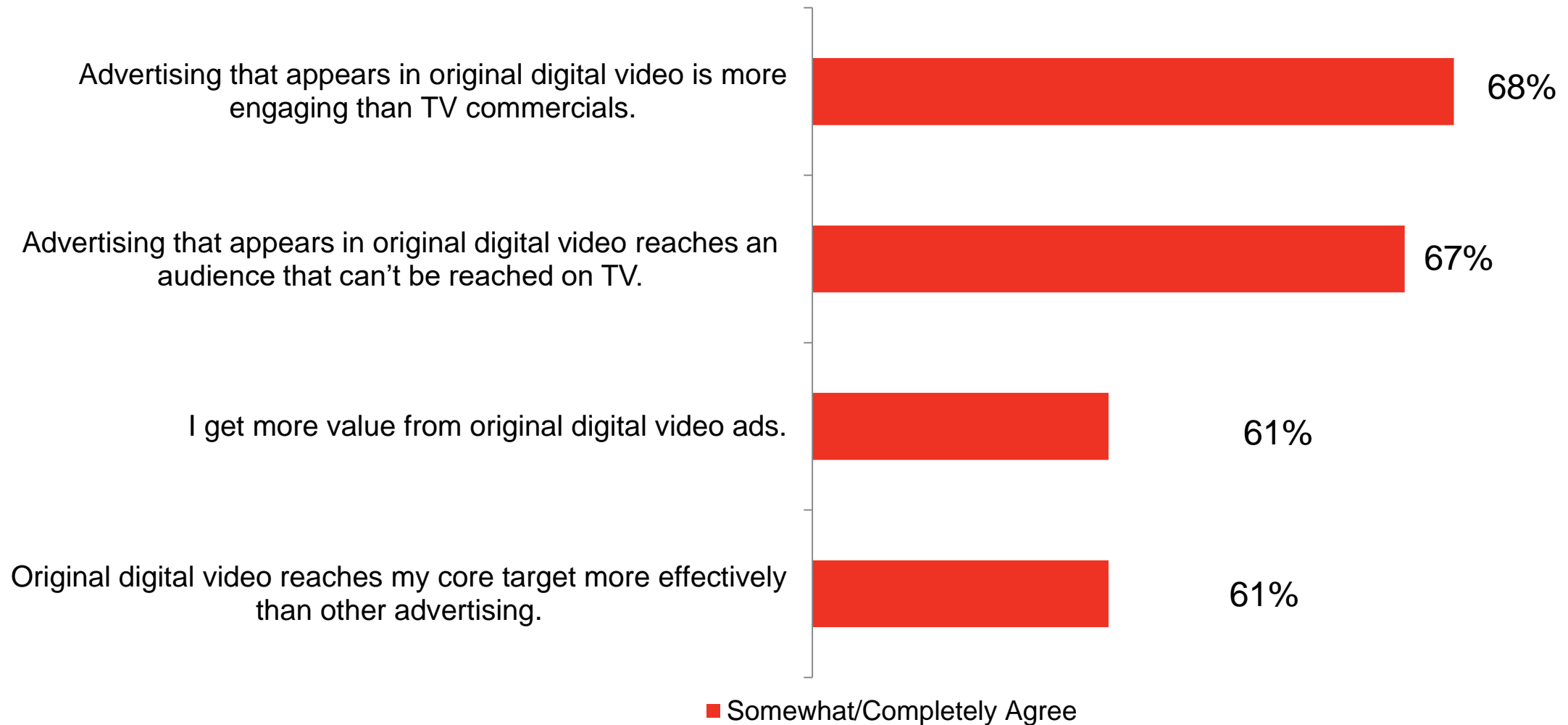
Broadcast TV
 - Digital-Focused: 28%
 - TV-Focused: 41%

Q125: In the next 12 months, would you expect the amount of [your company's/your clients'] spend on the following types of advertising to increase, stay the same or decrease?

Base: Total Respondents

Why? Digital and Mobile Media Work

Advertisers Agree: Original Digital Video is More Engaging and Reaches Audiences More Effectively Than Other Advertising



Q165. To what extent do you agree with each of these statements about original digital video advertising?

Base: Total Respondents

Source: 2016 IAB Digital Video Ad Spend Study

8 in 10 Advertisers Increased Original Digital Video Budgets as a Result of Attending the NewFronts

Why?

Results

“Higher engagement, brand recall.”

(Marketer, Other, Retail, Non-Video Specific Digital Primary)

“Success we’ve had in previous year’s allocation; ability to more effectively target desired target at better pricing.”

(Agency, VP+, Financial Services, TV Primary)

Innovative Content

“More opportunities to own/co-create with content firms than ever...”

(Marketer, C-Level, Financial Services, TV Primary)

“We are expanding our upfront budget to capture innovative content that may price higher over the year.” *(Agency, VP+, Telecom, Digital Primary)*

Q137b You anticipate allocating more on digital video advertising during the 2016 Digital Content NewFronts than you allocated as a result of the 2015 Digital Content NewFronts. Would you explain why?

Base: Respondents who Anticipate Allocating More During the 2016 Digital Content NewFronts

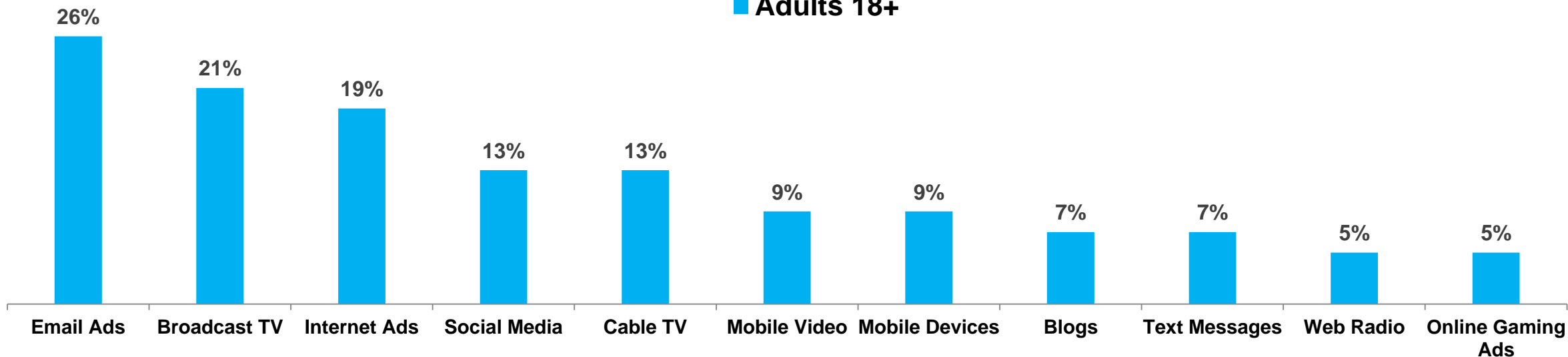
Source: 2016 IAB Digital Video Ad Spend Study

1 in 4 US Adults Report that their Clothing Purchases are Influenced by Email Ads

- 1 in 5 are Influenced by Internet Ads
- Social Media is as persuasive as Cable TV in influencing Clothing Purchases
- More are influenced by Email (26%) than Broadcast TV (21%)
- More are influenced by Email Ads (26%) or Internet Ads (19%) than Cable TV (13%)

Percent who are Influenced by Digital and Mobile Media in their Clothing Purchases

■ Adults 18+

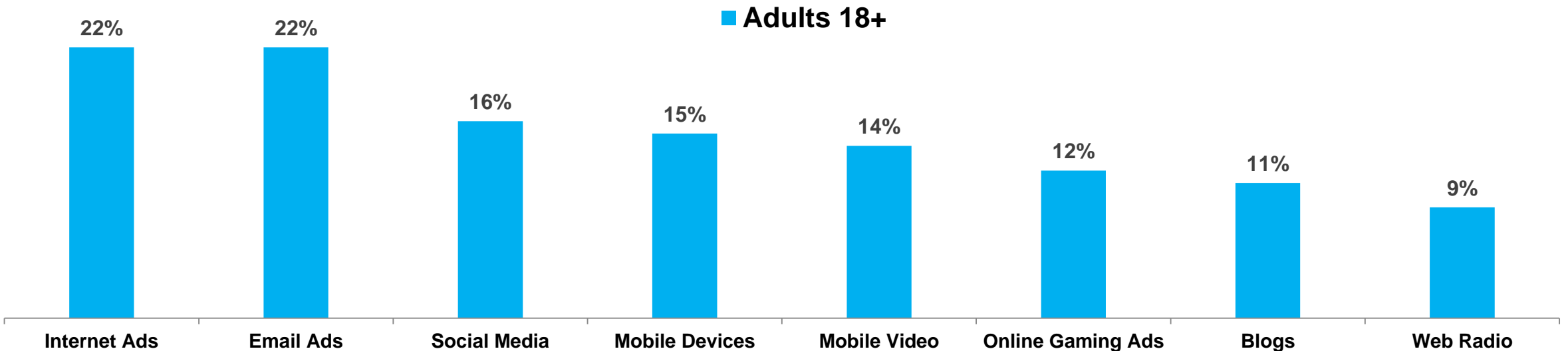


Please tell us which of the following media influences your CLOTHING purchases?
2% difference is statistically significant

Internet and Email Ads Influence 22% of US Adults in Their Electronics Purchases

- Nearly 1 in 4 US Adults say Internet Ads and Email Ads influence their Electronics purchases
- More are Influenced by Email Ads or Internet Ads than Cable TV (17%) in their Electronics Purchases

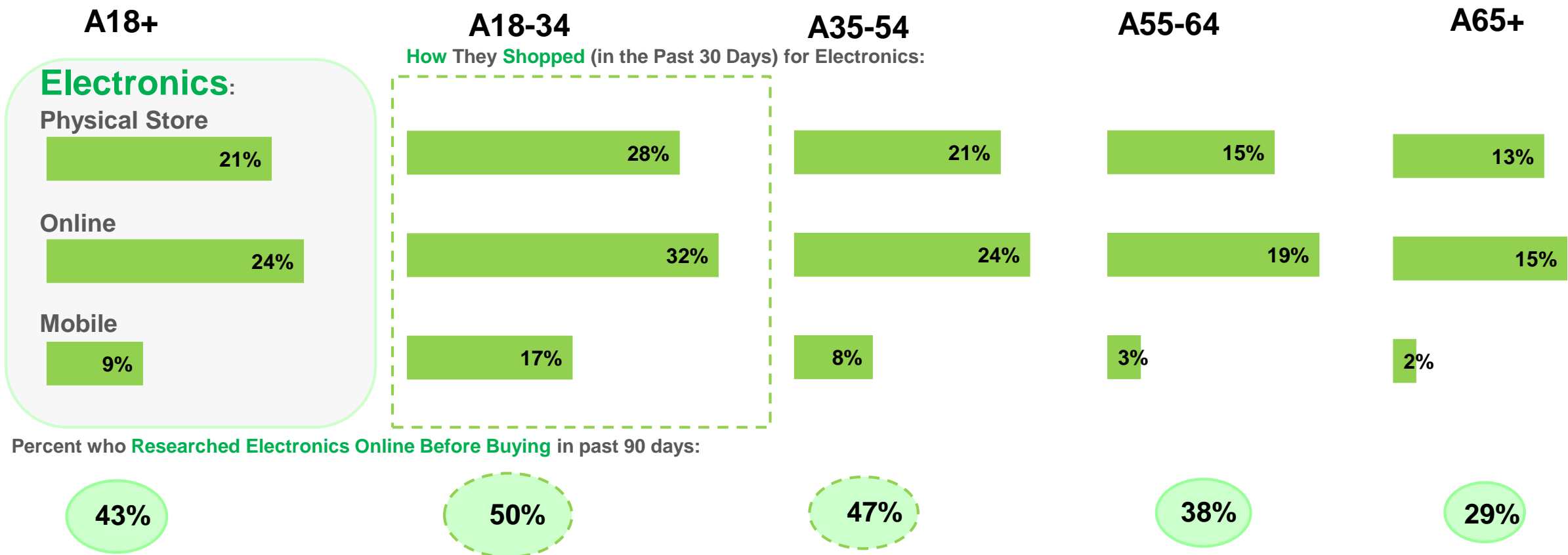
Percent who are Influenced by Digital and Mobile Media in their Electronics Purchases



Please tell us which of the following media influences your ELECTRONICS purchases?
2% difference is statistically significant

Across Age Groups, Consumers are More Likely to Shop for Electronics Online Than in a Store

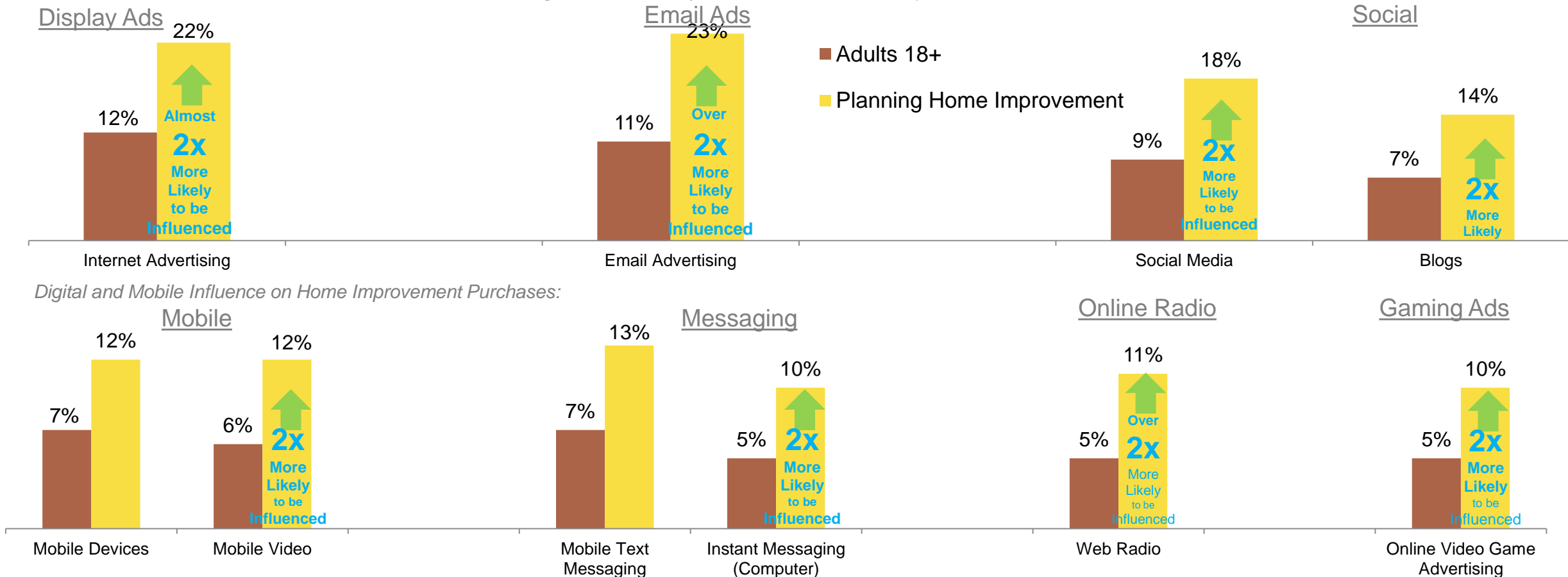
- 18-34 Year Olds are Nearly Twice as Likely to Shop for Electronics via Mobile
- Almost Half Research Electronics Online Before Buying, Especially 18-54 Year Olds



Consumer Planning a Home Renovation Are Influenced by Digital and Mobile Ads in Their Purchases

- Those planning home improvement are twice as likely as the general population to be influenced by online ads
- Nearly 1 in 4 who are planning home improvement are influenced by display or email ads in those purchases

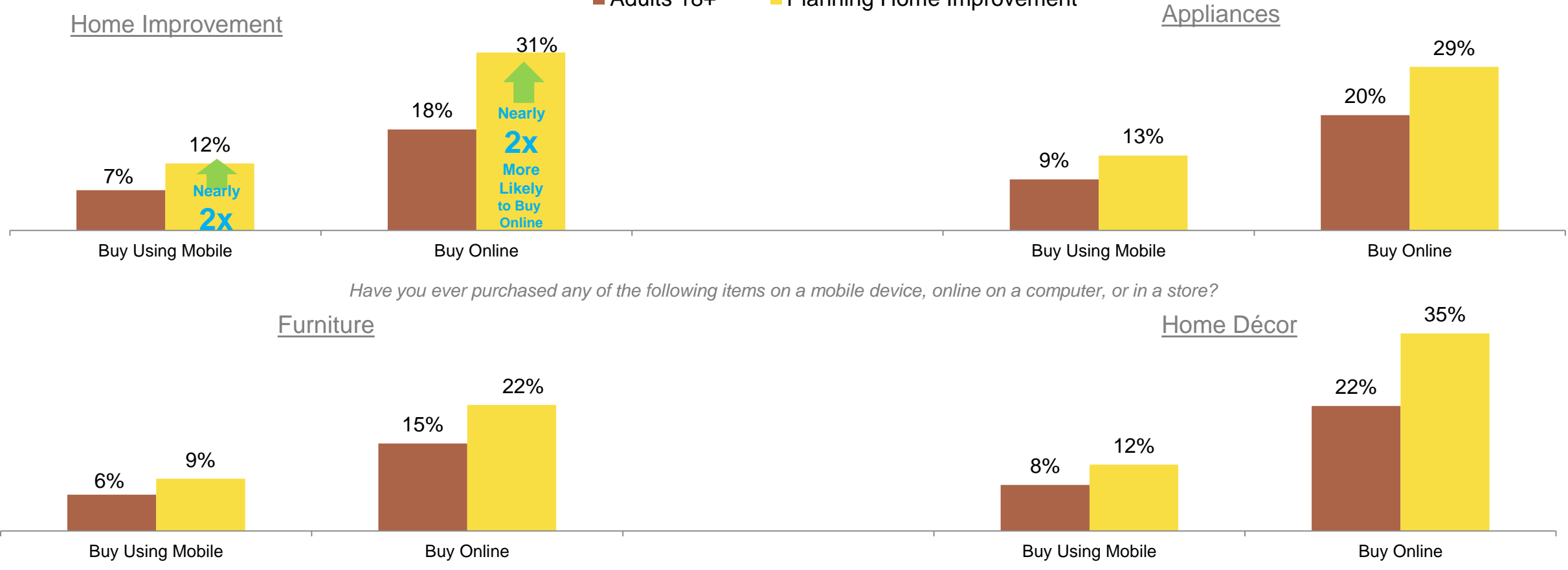
Please tell us which of the following media influences your HOME IMPROVEMENT purchases:



Home Renovators are Also More Likely to Buy Home Related Products Online or on Mobile Devices

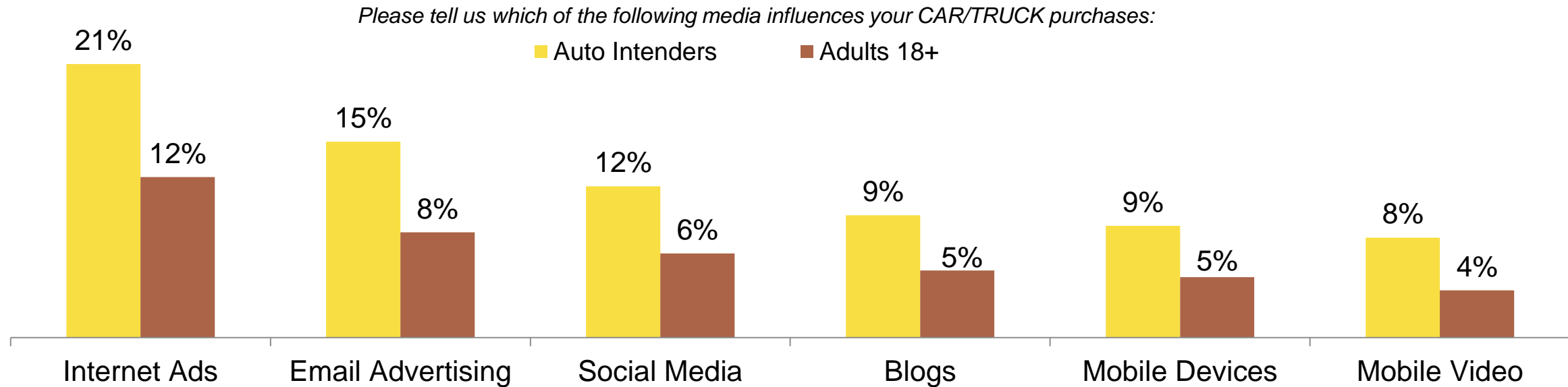
- Roughly One-Third of Home Renovators Buy Home Related Products Online
- Roughly One in Ten Make These Purchases on Mobile Devices

■ Adults 18+ ■ Planning Home Improvement



Auto Intenders' Vehicle Purchases are Influenced by Digital Media and Ads

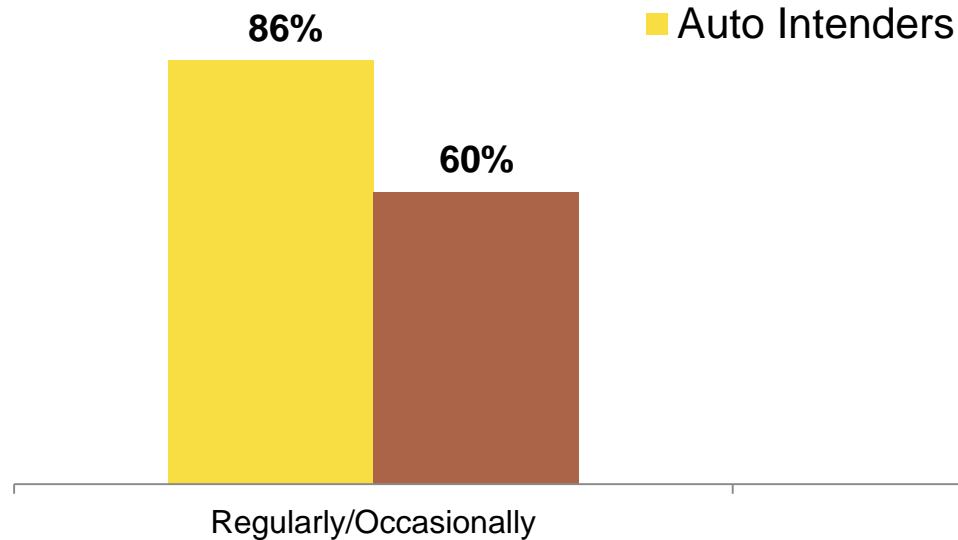
● 1 in 5 Auto Shoppers are Influenced by Internet Ads



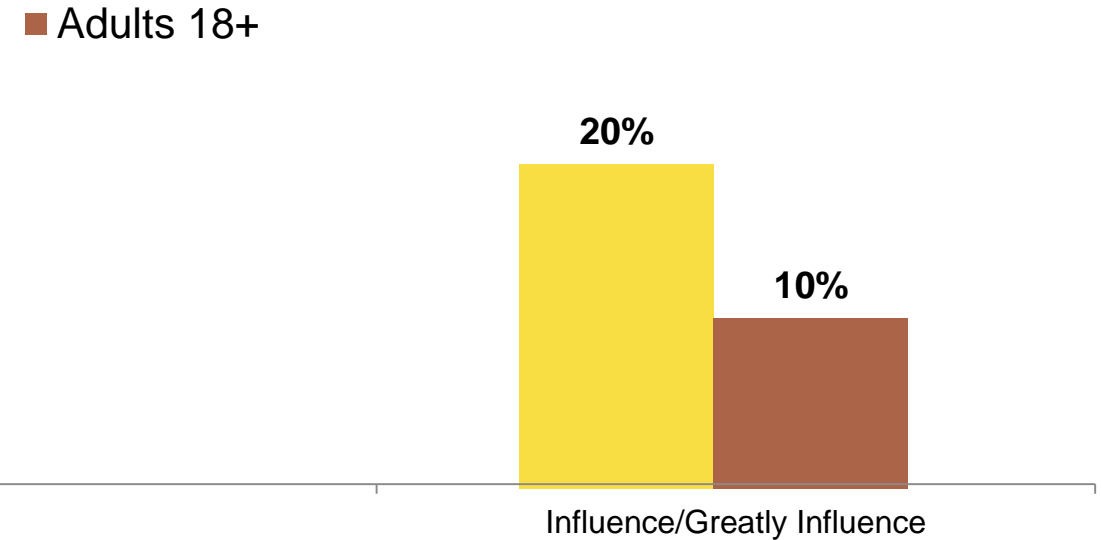
Auto Intenders Regularly Search for Autos and are Twice as Influenced by Search Ads

- Auto Intenders search for autos with greater frequency, leading to more opportunities to reach them with sponsored links, which impact them twice as much as the general population

Please tell us how often you search online for the following (Autos)
(Regularly means routinely, as a set pattern; Occasionally means no set pattern, as mood suits)

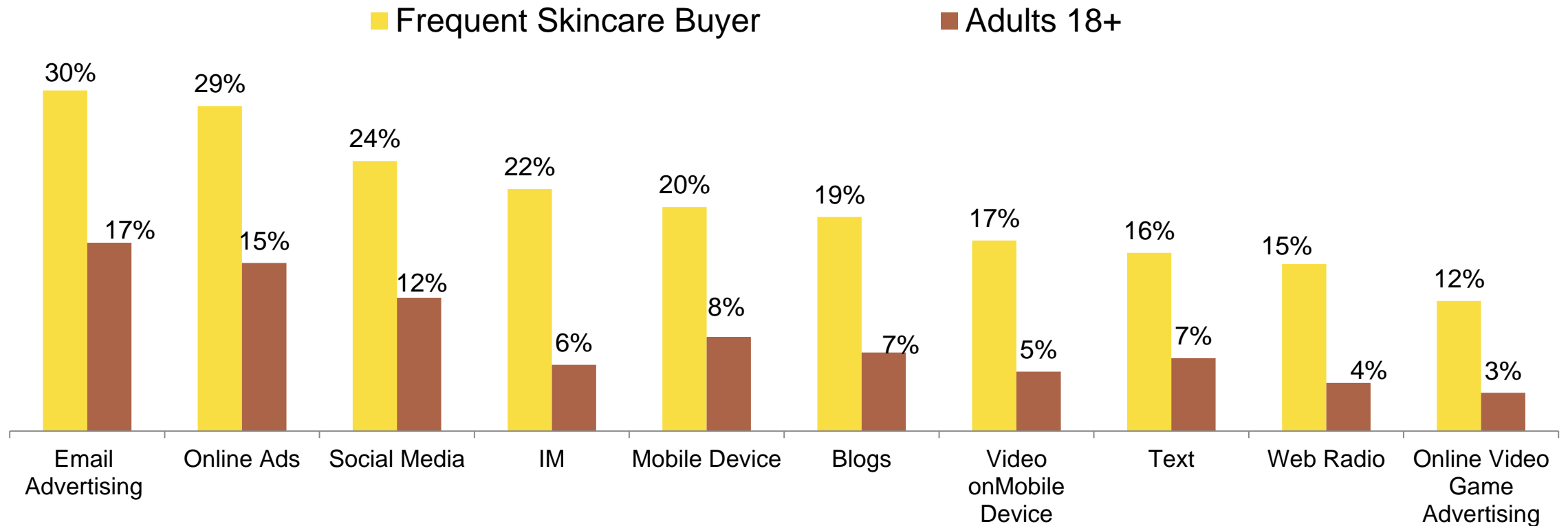


When searching for products/services on the Internet, how do "sponsored links/results" influence your purchases?



Skincare Consumers are Influenced by Digital Media

For each of the following retail categories, please tell us which of the following media influences your purchases. (Please check all that apply): Grocery (Food/Cleaning/Beauty)

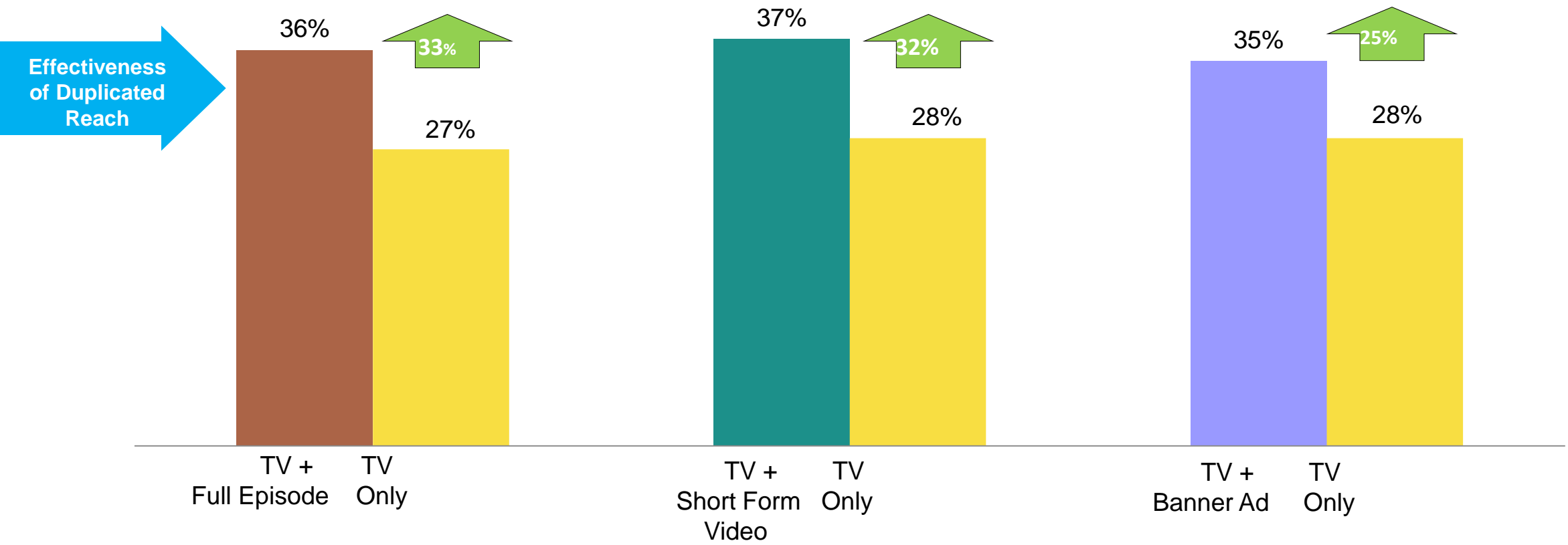


Brand Recall of Ads on TV is Improved When Combined with Online Ad

- Prior Exposure to Ad in Online Formats Improves Brand Recall on TV

Brand Recall, Across Verticals

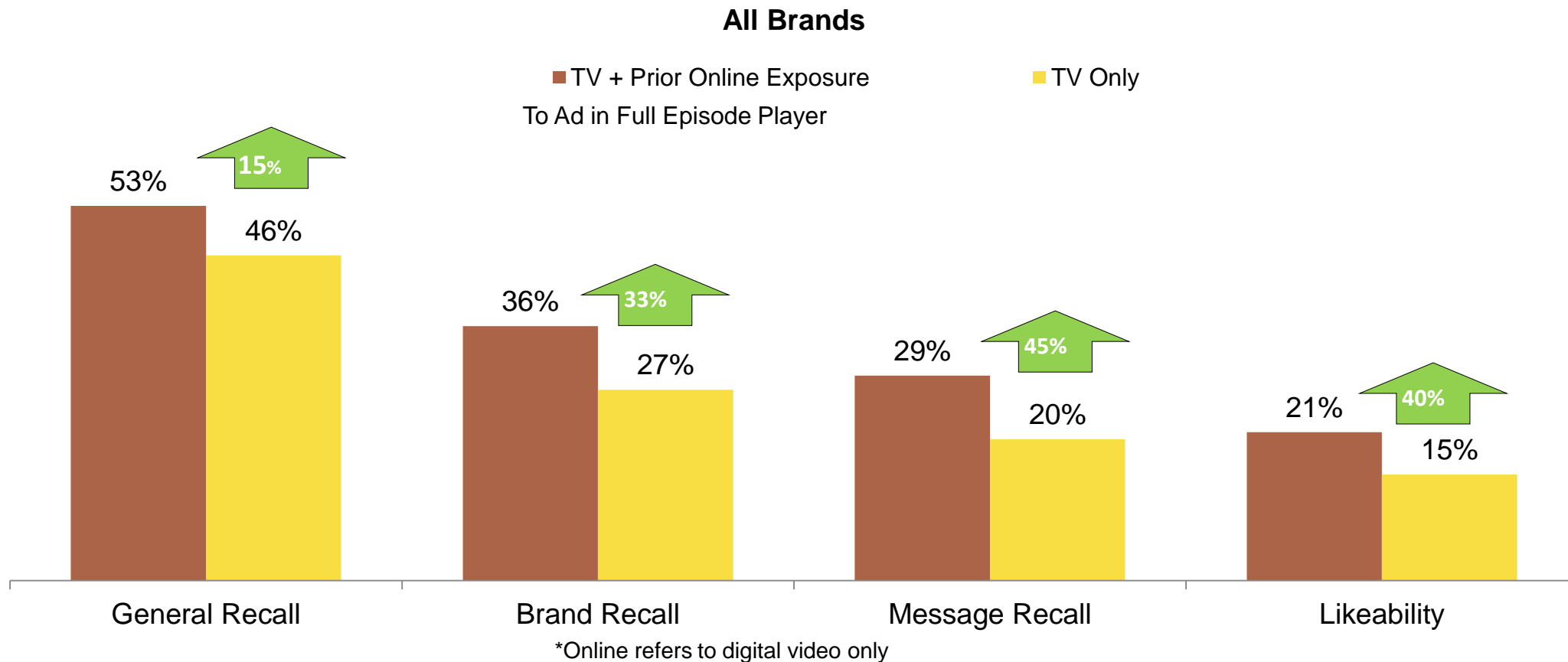
■ TV + Online Brand Recall ■ TV Only Brand Recall



Standard TV includes TV ads on both cable and broadcast networks. Nielsen Video Brand Effect (IAG), 01.01.11 - 03.31.12, A18+. Green arrows indicate a positive difference at >90% confidence. TV data based on responses up to 1 day post-ad stream; Based on exposures to Video Ads in FFPs in the previous 7 days. Based on Online Ad exposure before TV ad exposure. Limited to the same brands that streamed online and aired on TV during the same period; specific creative executions may vary. 700 Brands were included in FFP v TV data and 15 brands for SF vs. TV data.

Digital Multiplier Effect: Previous Ad Exposure in Full Episode Player Improves Effectiveness of TV Ads

- Duplicated Reach Lifts Impact of TV Ads by Double Digits

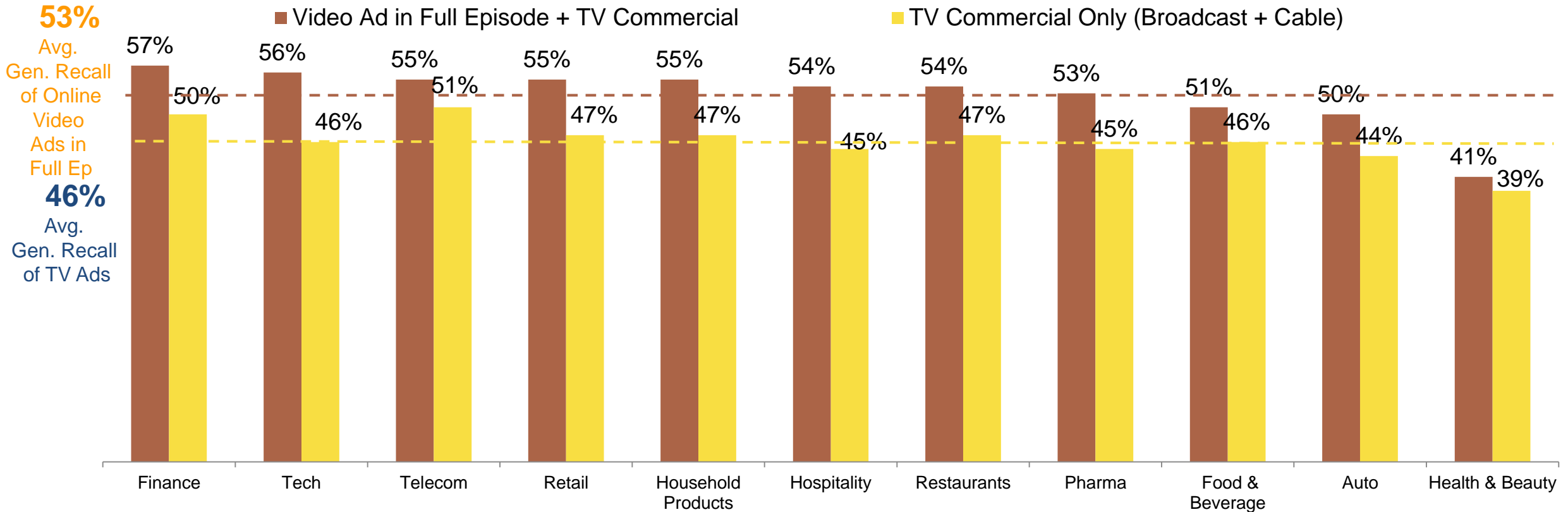


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Across Ad Verticals, Prior Exposure to Full Episode Video Ads Improves General Recall of TV Commercials

- Finance, Tech, Telecom, Retail and Household Products Benefit Most From Duplication in Full Episodes Online

General Recall Across Ad Verticals, Adults 18+



Note: More Brand Effectiveness metrics (Brand Recall, Message Recall, Likeability) for Ads in Online Formats and TV across Ad Verticals are available in slides in the appendix.

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