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THE STATE OF DIGITAL BRAND ADVERTISING

2014 INDUSTRY
BENCHMARKS REPORT



EXECUTIVE SUMMARY

Digital advertising continues to grow as marketers follow fragmenting audiences across screens. Within the digital medium, which has traditionally been dominated by direct response advertising, brand advertising growth is outpacing direct response. This shift points to a more screen-agnostic approach to advertising – instead of digital or TV specific campaigns, marketers view each screen as an equal opportunity to reach their consumers with advertising that resonates with them and drives a desired reaction. This screen-agnostic approach also fuels marketers' continuing need for more brand-relevant metrics that go across screens in a world where agencies and media owners continue to offer digital-only measures of success. Select highlights from this report include:

- Most marketers increased their use of online and mobile platforms, while usage of offline media either stayed the same or decreased.
- 70% of marketers increased the amount of budget allocated to digital brand advertising in 2014, a 15% increase from 2013.
- Marketers ran 33% more digital brand advertising campaigns than digital direct response campaigns in 2014.
 - 81% of marketers will use more social media/units and 65% of marketers will use more digital video in their digital brand advertising campaigns.
 - 49% of marketers say increase digital video activity was funded by shifting budget from offline advertising sources.
- A lack of brand-relevant, screen-agnostic metrics continue to stunt digital growth. Marketers said they would further increase their digital brand advertising spend if they had:
 - The ability to verify their brand advertising created the desired result. Marketers identified “brand lift” and “sales lift” as the most appropriate metrics.
 - The ability to verify their brand advertising was actually delivered to the intended audience. Marketers identified “unique visitors” and “GRPs” as the most appropriate metrics.
 - The ability to use the same metrics to evaluate brand advertising effectiveness online as are used offline.
- Beyond relevant metrics, there are significant gaps between marketer expectations and what agencies and media owners are able to provide that, if addressed, would further improve the digital brand advertising landscape, including:
 - Direct collaboration between everyone involved with a campaign around the primary marketing objective and the metric that will be used to measure performance.
 - Optimizing the right brand-appropriate metrics in real-time to maximize campaign performance.
 - Media owners guaranteeing a minimum level of reach against the intended audience.
 - Creating and maintaining organization-specific benchmarks to provide context for digital brand advertising performance.

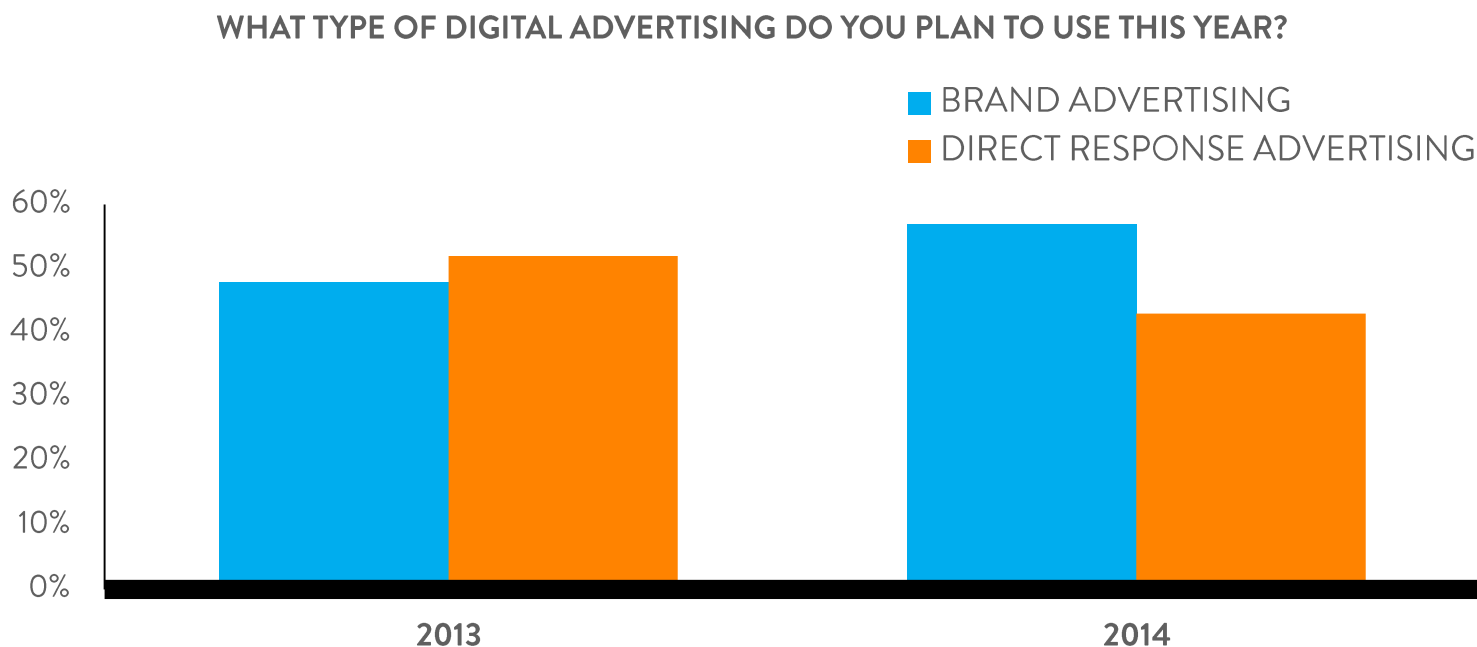
BUDGETS & TRENDS: DIGITAL BRAND ADVERTISING GROWTH IS ACCELERATING

Digital advertising has traditionally been dominated by direct response advertising, but that is changing as brand advertising growth outpaces direct response in the digital sphere. For the past three years, Nielsen, in conjunction with the CMO Council, has surveyed marketers to learn more about how—and where—they're spending their advertising dollars.

Marketers reported running 33% more digital brand advertising campaigns than digital direct response campaigns this year, and 19% more digital brand advertising campaigns this year than in 2013 (Fig. 1). Last year, marketers ran slightly more direct response advertising campaigns than brand advertising campaigns, demonstrating the acceleration in the growth of brand advertising across digital.

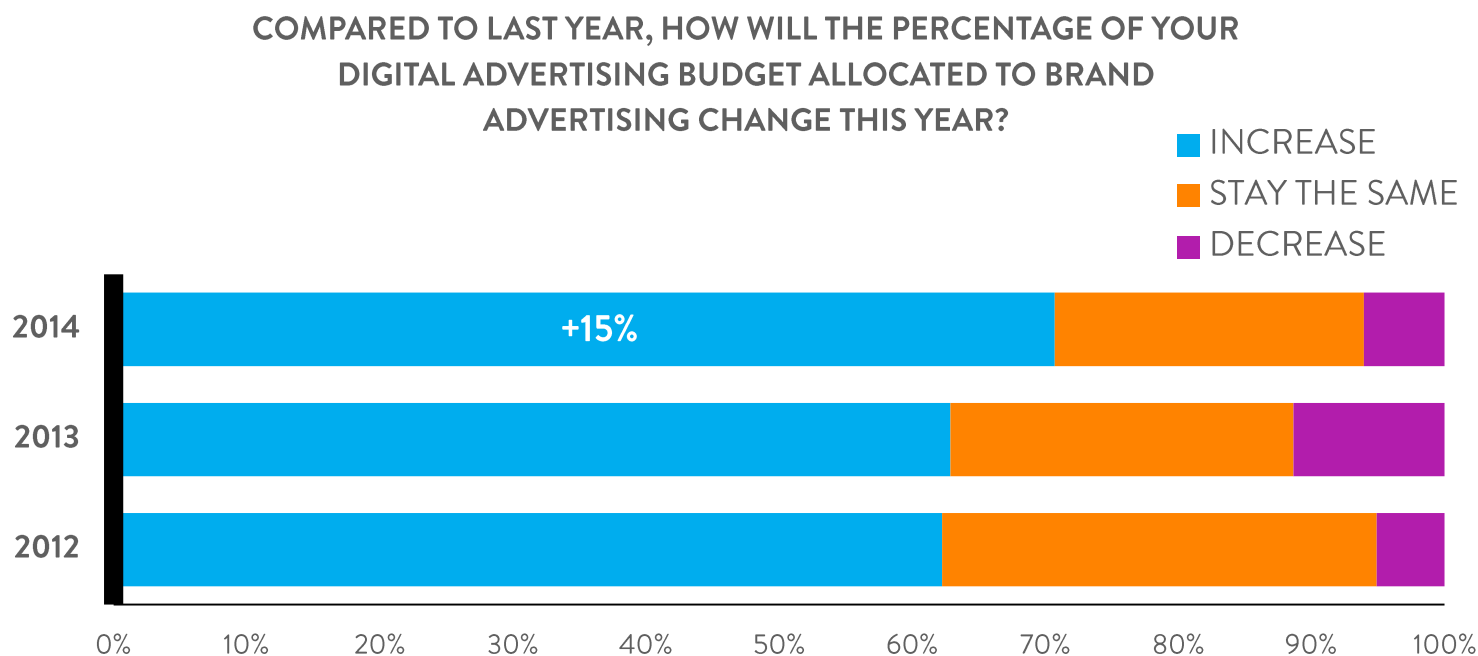


FIG. 1 DIGITAL BRAND ADVERTISING GROWING FASTER THAN DIRECT RESPONSE



Overall, 70% of marketers increased the amount of budget allocated to digital brand advertising in 2014, a 15% increase from last year (Fig. 2).

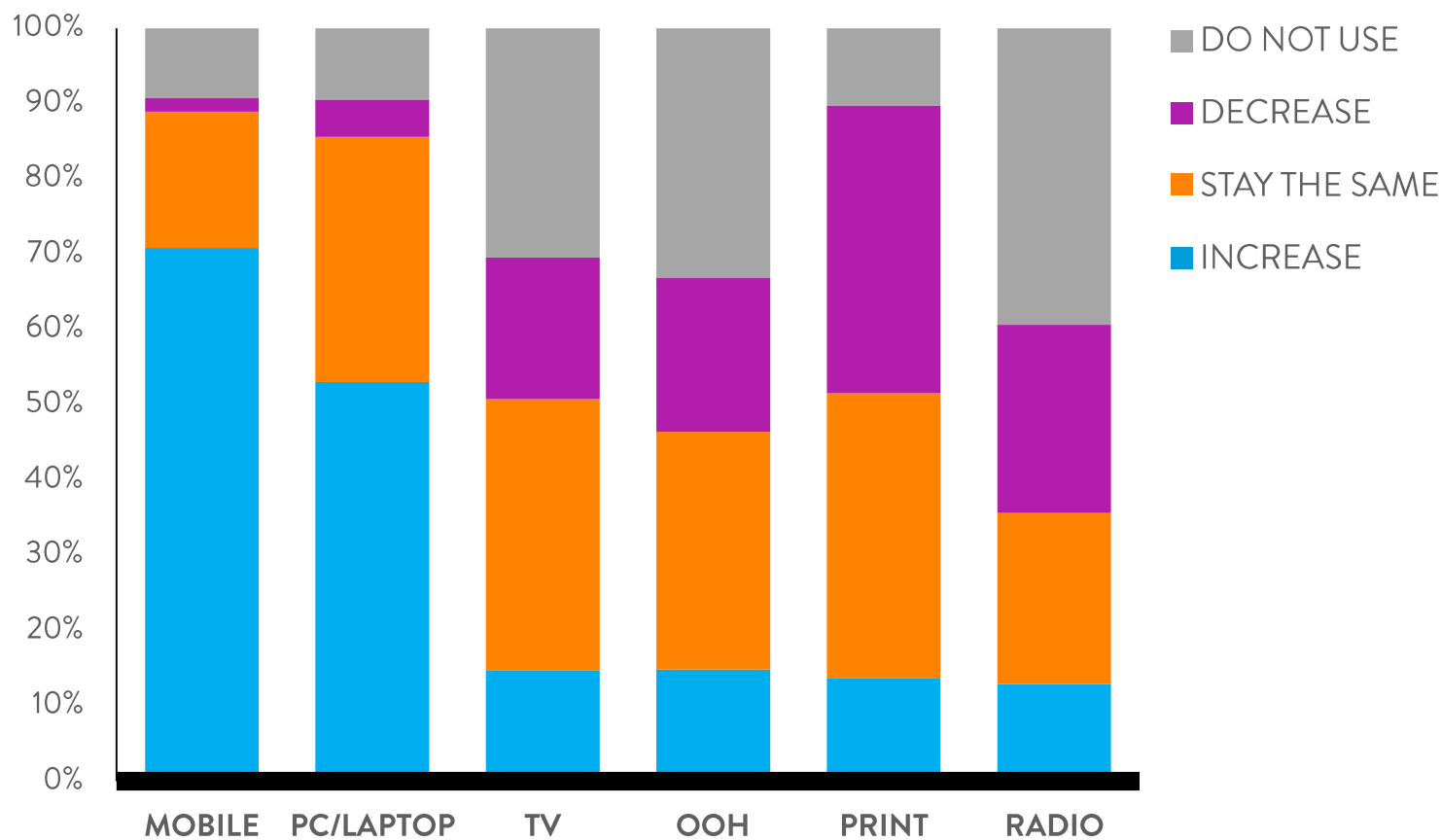
FIG. 2 DIGITAL BRAND ADVERTISING BUDGETS ARE INCREASING



The rise of digital brand advertising corresponds with increased demand for digital advertising more generally. The majority of marketers report that they plan to increase their use of online and mobile platforms, while usage of offline media either stayed the same or decreased (Fig. 3).

FIG. 3 MARKETING CHANNEL MIX SHIFTING TO DIGITAL MEDIA

COMPARED TO LAST YEAR, TO WHAT DEGREE WILL YOU LEVERAGE THE FOLLOWING CHANNELS FOR YOUR BRAND ADVERTISING THIS YEAR?

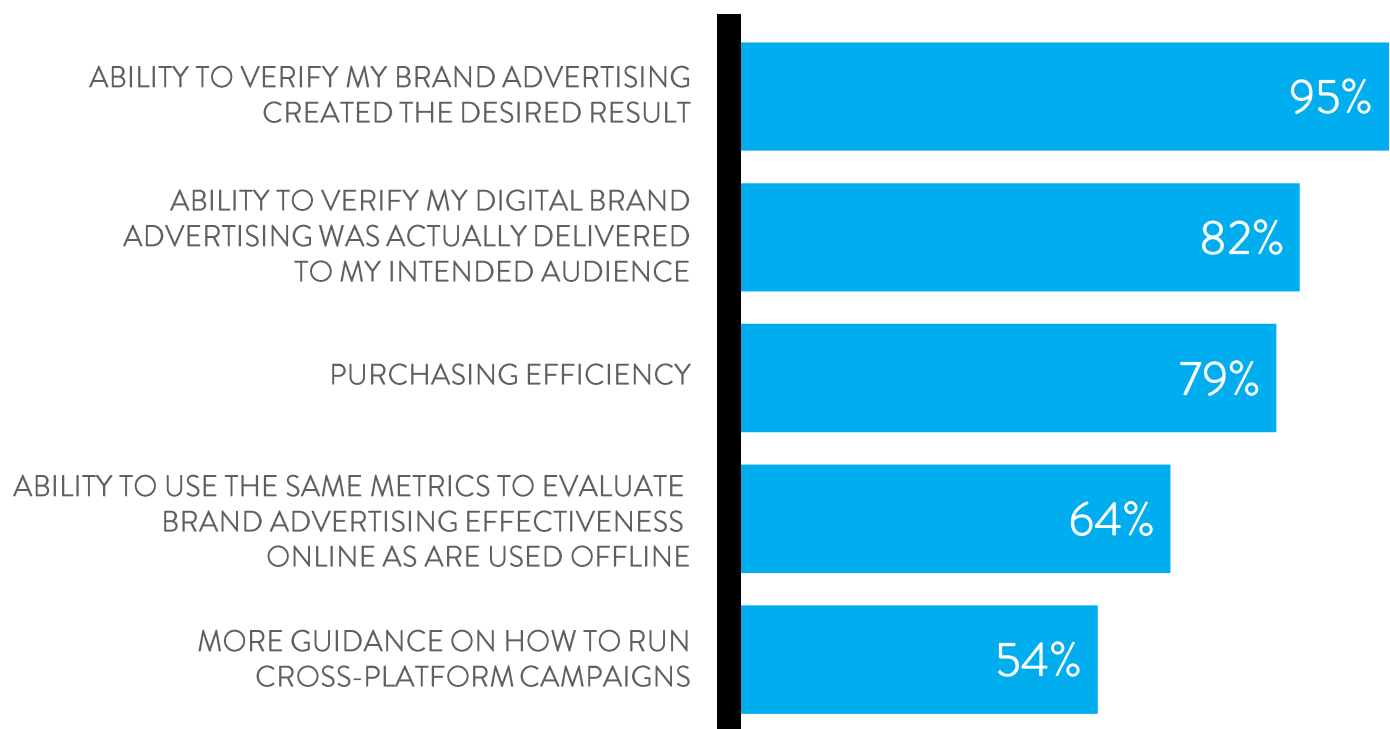


It's no surprise that the growth in digital brand advertising aligns with the rise of brand-friendly formats. Within the digital medium, 81% of marketers planned to increase their use of social and 65% of marketers planned to increase their use of digital video for their advertising campaigns. Marketers feel that these two formats are best suited for multi-screen campaigns; accordingly both formats have grown consistently since 2012. For digital video in particular, 49% of marketers say that increased digital video activity was funded by shifting budget from offline advertising sources. This reinforces how advertising budgets are mirroring consumer behaviors – just as consumers are moving across more screens, advertising budgets are also shifting from an isolated, channel view to a more multi-screen approach.

Despite its growth, however, there are still plenty of improvements that can be made to grow digital brand investment even further. In particular, marketers say that improved digital measurement capabilities and brand-relevant metrics would lead to greater digital advertising spend (Fig. 4). How exactly would marketers like to measure their digital campaigns?

FIG. 4 LACK OF RELEVANT DIGITAL METRICS IS HINDERING DIGITAL GROWTH

WHAT WOULD LEAD YOU TO INCREASE YOUR SPENDING ON DIGITAL BRAND ADVERTISING?

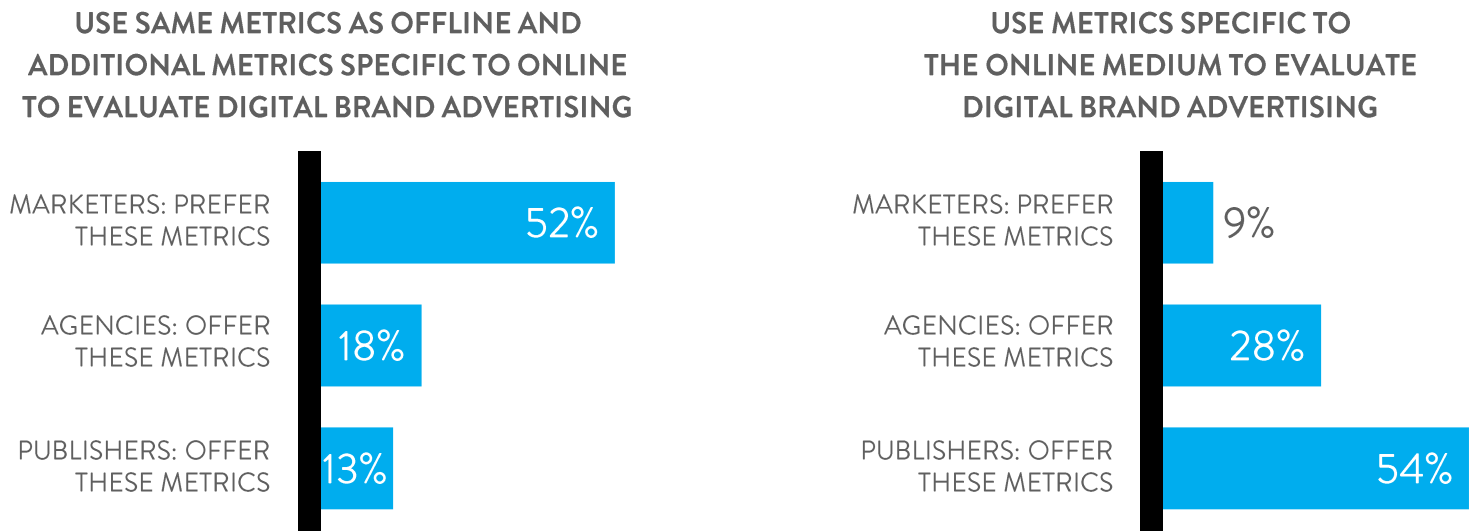


SCREEN-AGNOSTIC METRICS IN A MULTI-SCREEN WORLD

Marketers would like to use the same metrics they use offline to evaluate the performance of their online advertising, with some additional metrics specific to the online medium (Fig. 5). As consumers fragment across a growing number of offline and online screens, marketers increasingly need to take a screen-agnostic approach to their marketing. Their measures of success also need to apply across screens. However, most agencies and media owners primarily offer digital-only metrics, which less than 10% of marketers are interested in (Fig 5).

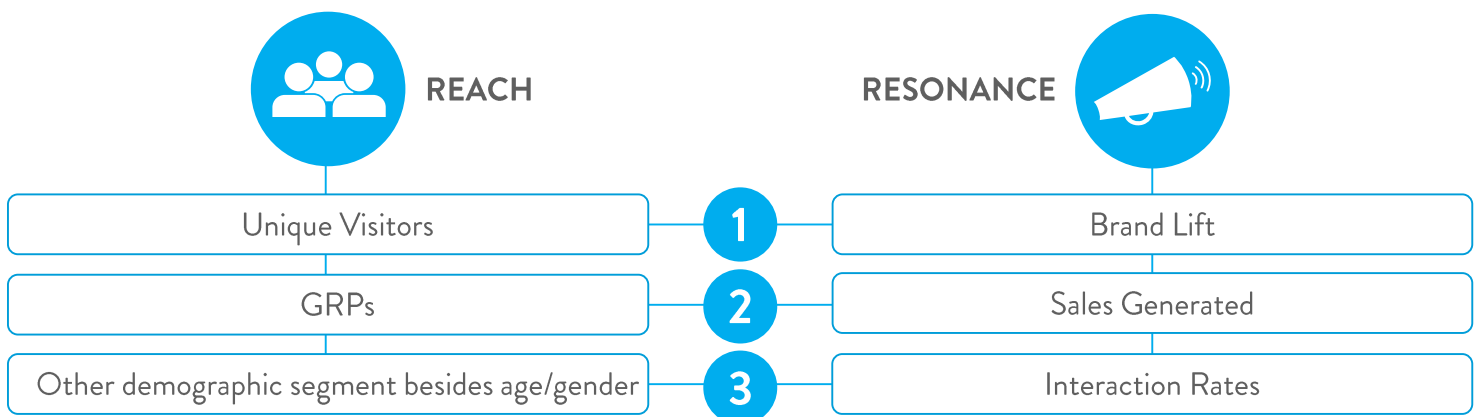


FIG. 5 PREFERRED METRICS VS AVAILABLE METRICS



What specific metrics would marketers like to use? To understand reach, marketers would like to use unique visitors and GRPs, which would allow them to understand the audience reached and audience overlap in a consistent manner across screens. To understand resonance, marketers would like to use brand lift, which similarly allows them to understand impact in a consistent brand-relevant manner across screens (Fig. 6).

FIG. 6 MOST APPROPRIATE METRICS (TOP THREE)



Unfortunately, only 17% of agencies surveyed reported using a relevant reach metric for all campaigns, and only 21% of agencies reported using a relevant resonance metric for all campaigns. This disconnect can result in miscommunication and missed opportunities during campaign execution and optimization.

The lack of relevant metrics has left marketers doubtful of what their campaign actually achieved (Fig. 7). As a result, a third of all surveyed marketers expect their agencies to provide third party verification of campaign results, a 75% increase from last year (Fig. 8).

FIG. 7 AUDIENCE REACH CLAIMS IN DOUBT

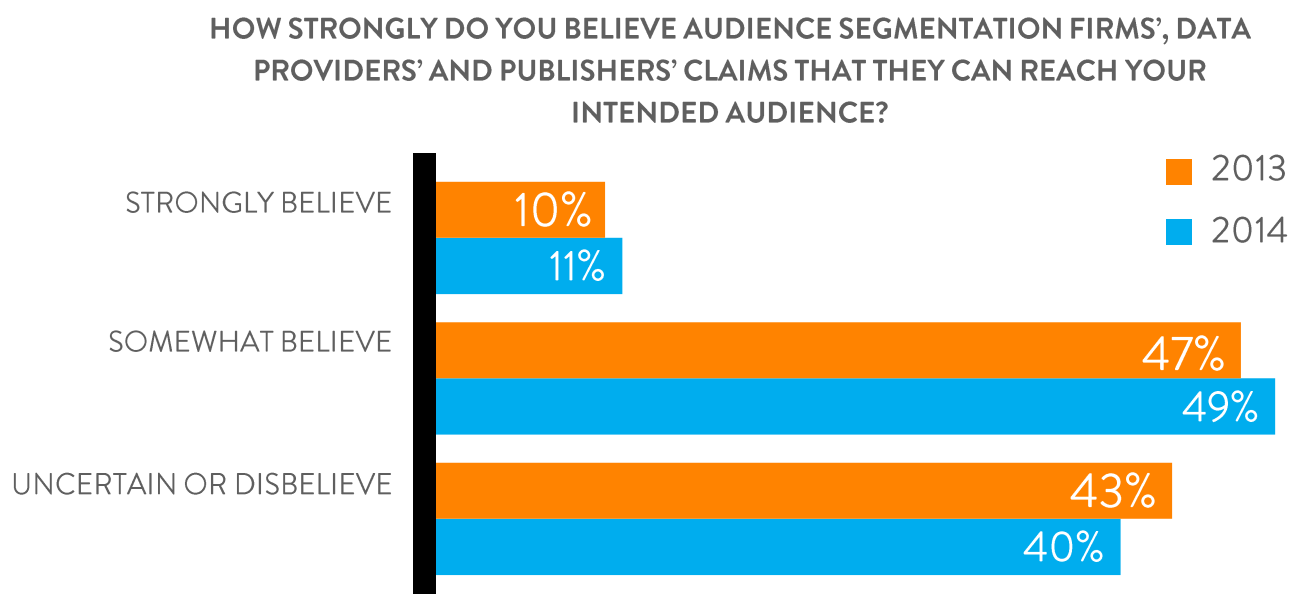
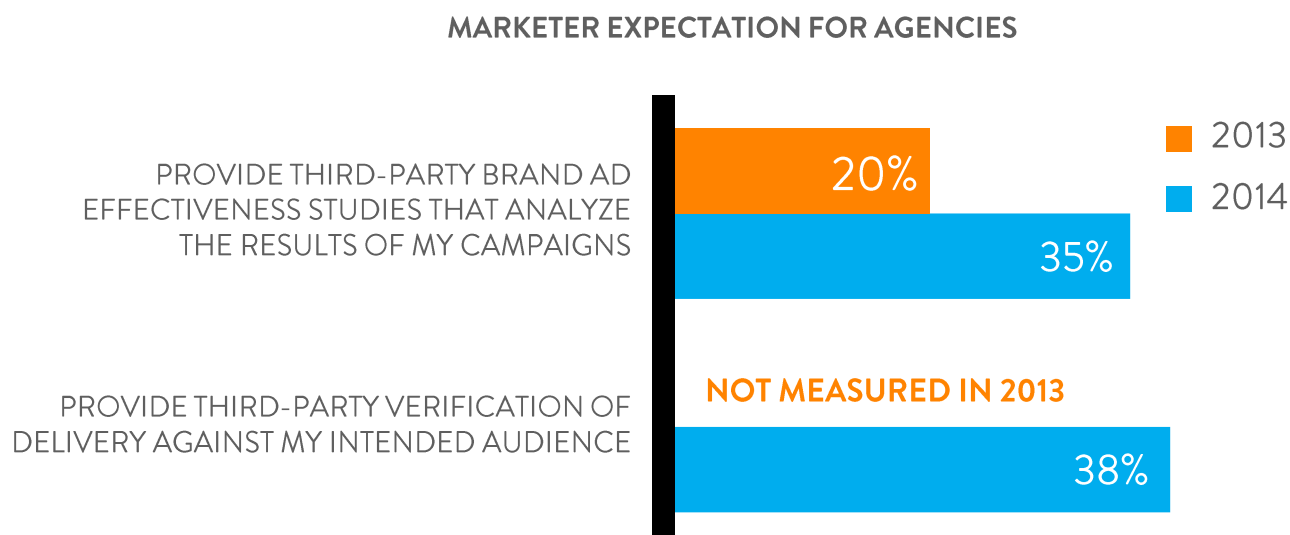


FIG. 8 THIRD PARTY VALIDATION DEMAND INCREASING



BEST PRACTICES FOR DIGITAL BRAND ADVERTISING

Providing brand-relevant metrics is just one way that agencies and publishers can position themselves for the next evolution in digital advertising. Marketers identified additional gaps that, if addressed, could form the basis for agency and media owner best practices for any campaign, and further improve the digital brand advertising spend outlook.

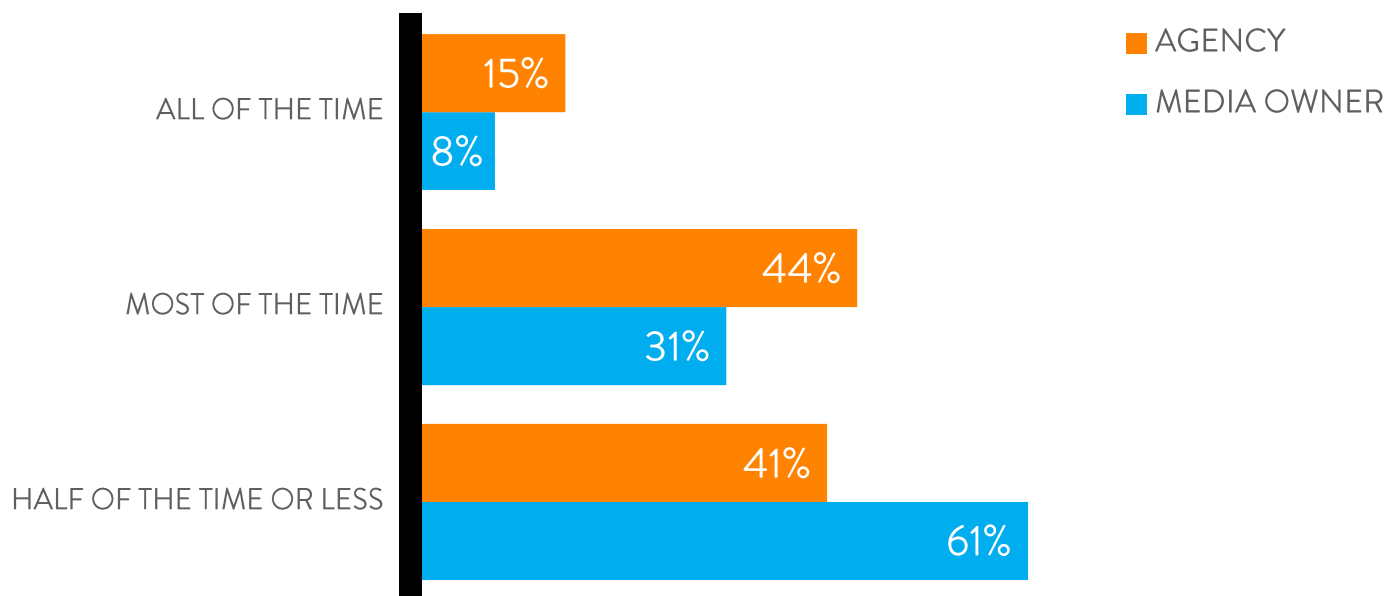


COLLABORATE AROUND A COMMON CURRENCY FOR SUCCESS

Marketers have expressed the need to have all players in the digital advertising ecosystem – agencies, media plan participants, and other parties – be on the same page and have a common currency for what success means. The quickest way to alignment is for marketers to establish and share the campaign’s primary marketing objective and the metric that will be used to measure performance before the campaign starts. Almost all marketers (98%) say that this is an important step. This ensures everyone is aware of and working towards the same goal. Unfortunately, too often agencies and media owners are not able to get this information for campaigns (Fig. 9).

FIG. 9 DIGITAL ECOSYSTEM NEEDS TO DIRECTLY COLLABORATE AROUND PRIMARY MARKETING OBJECTIVE

AGENCIES AND MEDIA OWNERS RECEIVED PRIMARY MARKETING OBJECTIVE FROM MARKETERS...

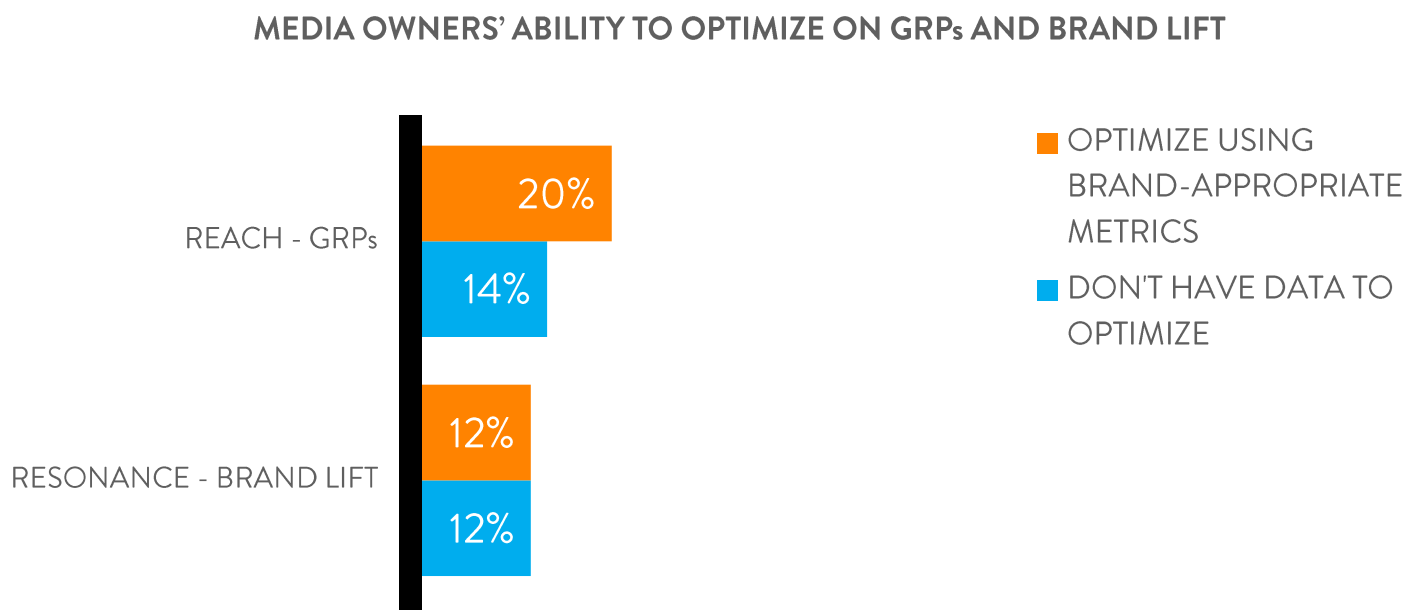


BEST PRACTICE: Marketers, agencies, and media owners should invest in technologies that will allow them to directly collaborate around setting objectives and measuring performance. This will allow everyone involved with a campaign to work together towards the same goal in a timely fashion. We’ve found through a study of Nielsen-measured campaigns that when media plan participants and agencies are able to directly collaborate around the same information, those media plan participants generate on average 33% higher brand lift, and are 25% more likely to perform in the top third of the campaign.

OPTIMIZE THE RIGHT PERFORMANCE METRICS IN REAL-TIME

Seventy percent of marketers listed in-campaign optimization as an important component of an effective digital measurement strategy. Getting the right data in real-time is necessary for in-campaign optimization – in fact, over half of marketers surveyed listed interim campaign performance reports as a key agency expectation. Marketers have identified unique visitors and GRPs as the most appropriate reach metrics, and brand lift as the most appropriate resonance metric. However, most media owners either don't have this data or are not able to get it fast enough to take action on it (Fig. 10).

FIG. 10 MARKETERS SEEK REAL-TIME OPTIMIZATION USING BRAND-APPROPRIATE METRICS

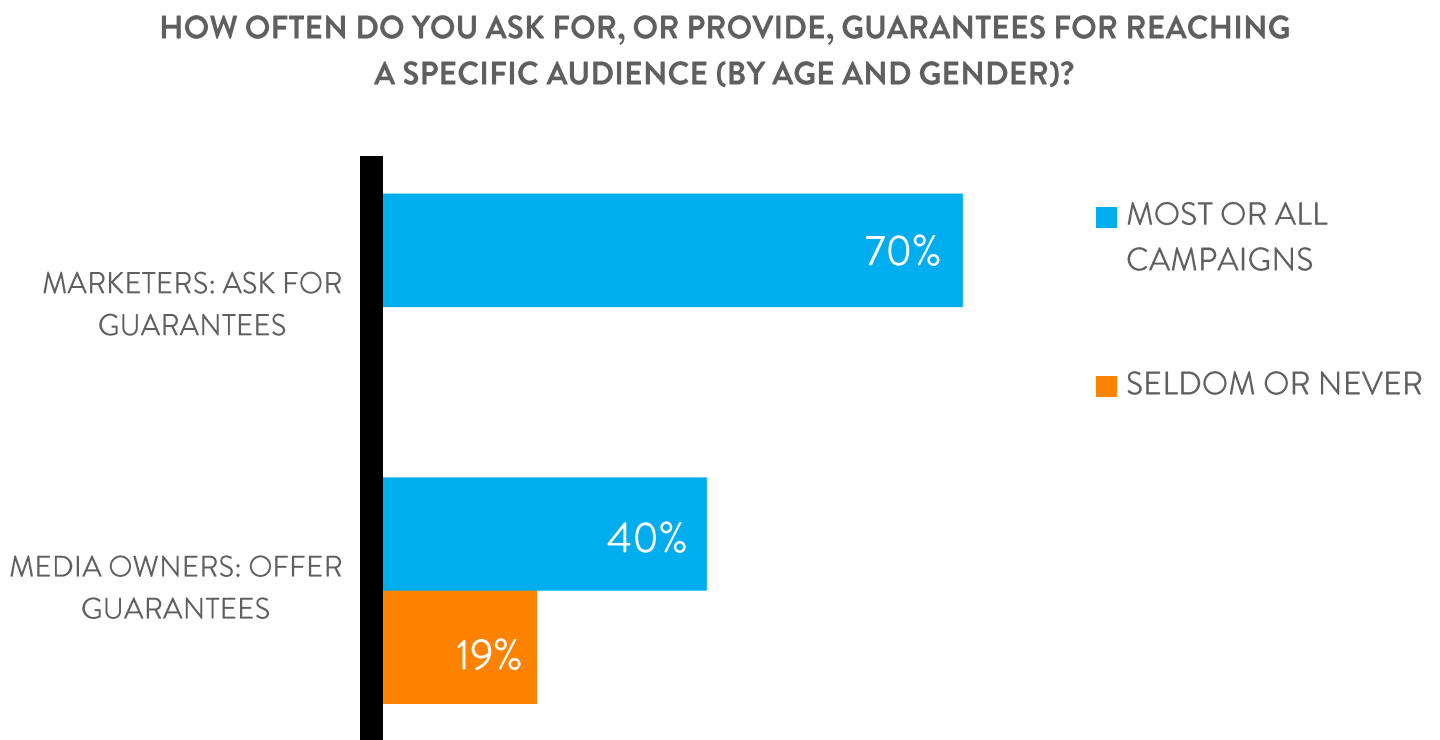


BEST PRACTICE: Ensure that you're using the right, brand-appropriate metrics to measure the campaign, and that you're getting this measurement in real-time. This allows you to take action on the data while the campaign is still running, enabling you to make the necessary media, frequency, and/or creative shifts to maximize performance.

OFFER REACH GUARANTEES

Not having the right, brand-appropriate metrics and the lack of collaboration around those metrics have left marketers doubtful of what their campaigns actually achieved. Only 11% of marketers “strongly believe” audience reach claims; 49% of marketers “somewhat believe” these claims while 40% are “uncertain” or outright “disbelieve.” This has led marketers to demand audience reach guarantees upfront (Fig. 11).

FIG. 11 MARKETERS ARE LOOKING FOR REACH GUARANTEES

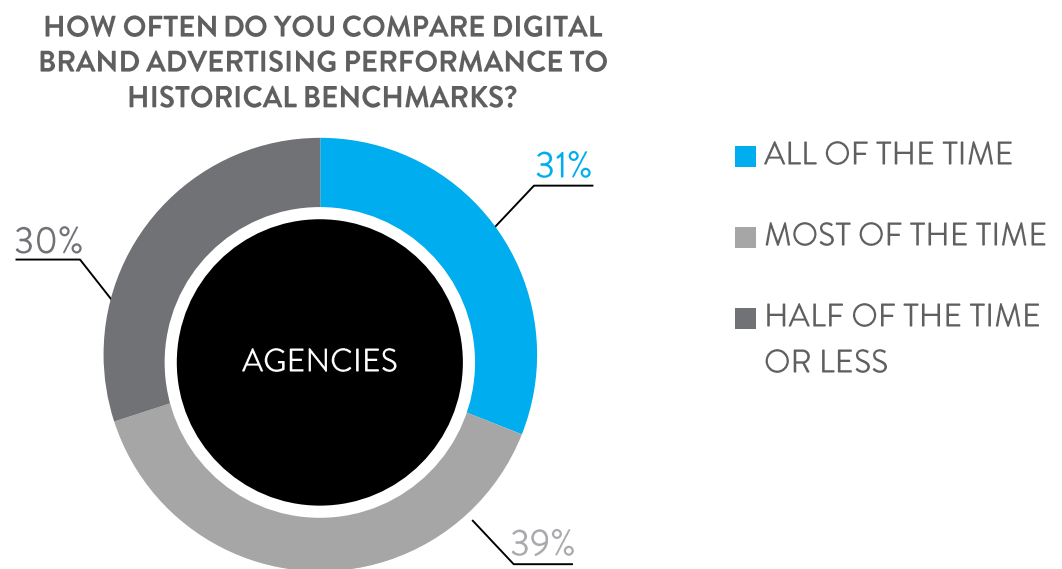


BEST PRACTICE: Reach guarantees are hard to provide without understanding who you actually reach and how often. Media owners should run unique visitor and GRP diagnostics across their properties to build insights about their audience composition that can inform guarantees. In a marketplace where only one in ten marketers strongly believe reach claims, audience guarantees can be a way to stand out from the crowd.

PROVIDE BENCHMARKS FOR PERFORMANCE CONTEXT

In addition to the right metrics, marketers are looking to their agencies and media plan participants for context – is my GRP or brand lift performance considered good? Though 55% of marketers surveyed consider comparing campaign performance with historical benchmarks as an important component of an effective digital measurement strategy, only a third of agencies are able to do this for every campaign (Fig. 12). As all players in the digital advertising industry get inundated with “big data,” having some way of making sense of that data will become increasingly important.

FIG. 12 BENCHMARKS PUT PERFORMANCE INTO CONTEXT



BEST PRACTICE: Context can only be achieved through consistent measurement. Measure every digital brand advertising campaign using relevant metrics, and use the resulting data to build benchmarks around the parameters most important to your organization – audience reach, brand lift, creative unit performance, frequency, partner performance, regional performance, etc. No matter what form your benchmarks take, ensure that you retain ownership over this data so you can continue to compare your advertising to the most important benchmark – your own historical performance.

This is a momentous time in digital advertising, and advertising as a whole, as marketers shift to a more screen-agnostic approach to reach, influence, and drive a desired reaction from their audience. However, there are still significant improvement opportunities for all players involved. Large gaps remain between marketer expectations and agency and media owner practices when it comes to measurement and optimization. These gaps are impeding the growth of digital brand advertising. By working together to close these gaps, our industry can get one step closer to matching digital ad spend with digital time spent, and making screen-agnostic advertising a reality.

For more information about measuring, optimizing, and maximizing your digital advertising investments, please [contact us](#).

ABOUT THE SURVEY

This report summarizes the findings of a study by Nielsen and the CMO Council. It highlights the key findings from the 546 senior brand leaders, 661 agency executives and 377 publishing representatives that took part in an online survey fielded between April and July 2014. Comparisons to the findings of the 2012 and 2013 surveys are included in order to track significant shifts in response.

ABOUT NIELSEN

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