

2018 Digital Advertising Trend Report

The use of digital advertising, data and insights by Australian Marketers

March 2018

A Pureprofile Research Study
In association with the Australian Marketing Institute and Sparcmedia

Pureprofile 

Sparcmedia 
A Pureprofile company

AMI 
AUSTRALIAN
MARKETING
INSTITUTE



Background & Objectives

In recent years digital advertising has grown significantly and has become an integral part of the marketing mix. Marketers today are using digital advertising to engage audiences in new environments across a vast spectrum of channels, devices, and advertising formats.

Pureprofile undertook this study to gain insight into how Australian marketers are incorporating digital advertising into their marketing mix and to see how they are leveraging data and insights into their campaigns.

Methodology

An online survey was conducted between 14th September, 2017 and 19th January, 2018. 206 companies from the Australian Marketing Institute (AMI) membership data base and related sources completed the survey.

Key Findings

- 1. Social, search and display are the main digital channels used by more than 70% of marketers.** Many have yet to benefit from other channels such as native, outdoor, online TV, and digital audio.
- 2. 51% are accessing digital media in-house on a channel by channel basis** – mainly by younger marketing executives and smaller companies. Larger companies rely on agencies.
- 3. 76% are using location and/or demographics, lifestyle (74%) and retargeting (67%) as targeting criteria.** Only 18% use brand safety as a targeting criteria in digital campaigns.
- 4. 79% use first-party audience data and over half (65%) use digital ad campaign data.** Few are accessing the value offered by second- and third-party data.
- 5. 76% use research/data for planning and implementing digital advertising campaigns.** Smaller firms are lagging their larger counterparts in use of research/data.
- 6. The use of research/data for understanding multichannel conversions (55%)** has considerable room to grow.
- 7. Digital advertising is growing with over half (56%) expecting to increase their allocation to digital by 5% or more** in the next year.
- 8. Increased digital spend** is more likely among the Government / Community / Utilities sectors (71%), and larger companies (64%).

Commentary – Nic Jones CEO, Pureprofile



Nic Jones

CEO, Pureprofile

We're entering the age of the Personal Information Economy, where advancements in technology have shifted the paradigm to a consumer-driven world, and the onus is now on marketers to understand how to positively engage consumers in this digital realm.

In association with the Australian Marketing Institute, we looked to unpack current Digital Advertising Trends through a research study that would unveil how marketers are using digital advertising to engage audiences, which channels, platforms and tools are being implemented, and are there any missed opportunities?

Key findings from our study uncovered the most popular channels; social, search & display — plus less used and perhaps under-utilised channels; native, digital outdoor, online TV and digital audio. Brand safety is used by relatively few marketers as a targeting criterion.

We also identified that research and data is well used for planning and implementing and less for understanding online behaviour - presenting a deeper opportunity for marketers as data sources continue to evolve. First-party data is used by the majority for digital campaigns confirming the opportunities in second and third party data sources.

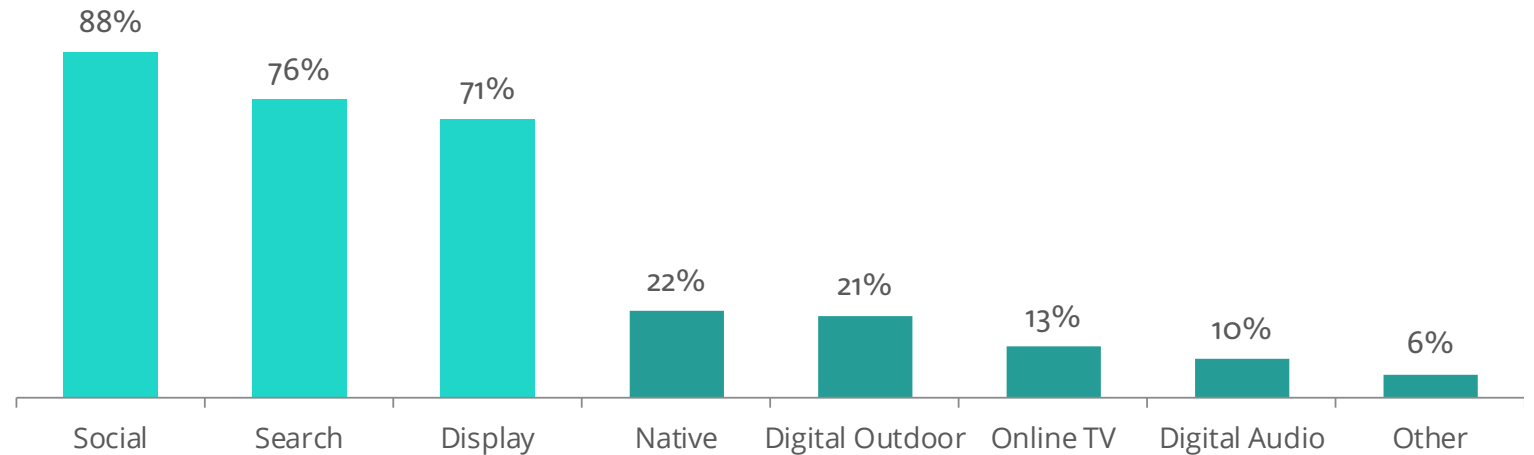
As marketers continue to find ways to creatively implement digital tools and strategies into their programs, we hope the findings in this study will go some way to perfecting the balance between short-term campaign wins and long-term consumer relationships.

Detailed Results



Digital Channels Used

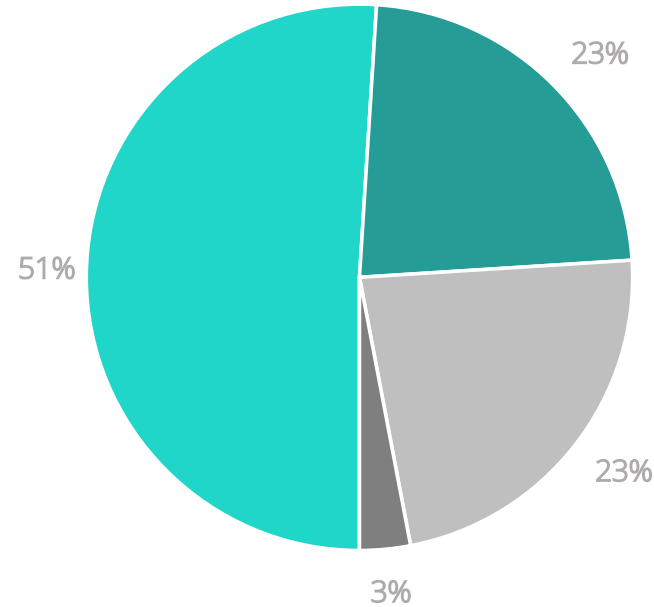
Social, search & display are each three times more likely to be used than other digital advertising channels.



Q. Which of the following digital advertising channels have you used in your brand/companies advertising campaigns over the last year?

- Social is used by 88% of marketers.
- Social is used by all large companies (100% of companies with revenue \$100M+ vs 78% of companies with revenue <\$1M).
- Native, digital outdoor, online TV, digital audio and other channels are used much less.
- These less utilised channels would appear to represent opportunities for marketers looking to maximise the benefits offered by digital.

Accessing digital advertising



Q. How do you access digital advertising channels primarily?

- In-house each channel
- Ad/media agency
- Digital agency
- In-house using DSPs

- 54% of marketers access digital in-house and 51% access on a channel-by-channel basis - presumably reflecting how easy it is for marketers to access digital channels.
- Larger companies rely on agencies more than smaller companies. Ad agencies used by 36% of >\$100M vs 13% of <\$1M. Digital agencies used by 28% of >\$100M vs 17% of <\$1M.

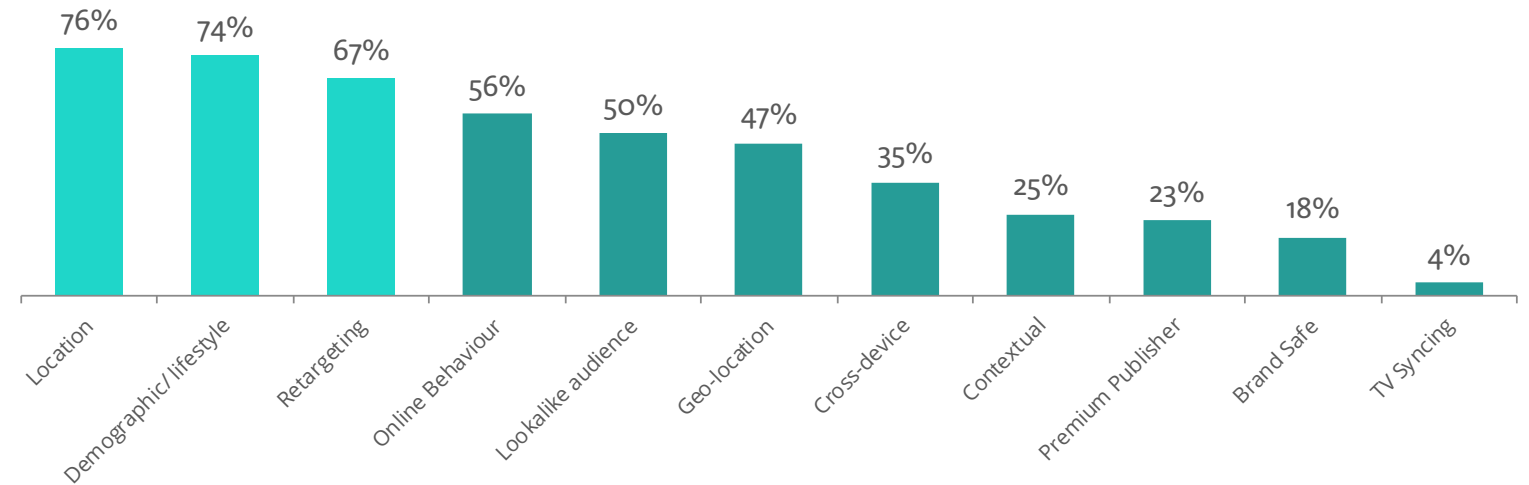
Recommendations:

There is opportunity for marketers to achieve further efficiencies offered by more specialised ad/media and digital agencies.

54% access digital in-house.

Larger brands rely on agencies.

Targeting in digital advertising



Q. Which of the following targeting criteria have been used in your digital advertising in the last year?

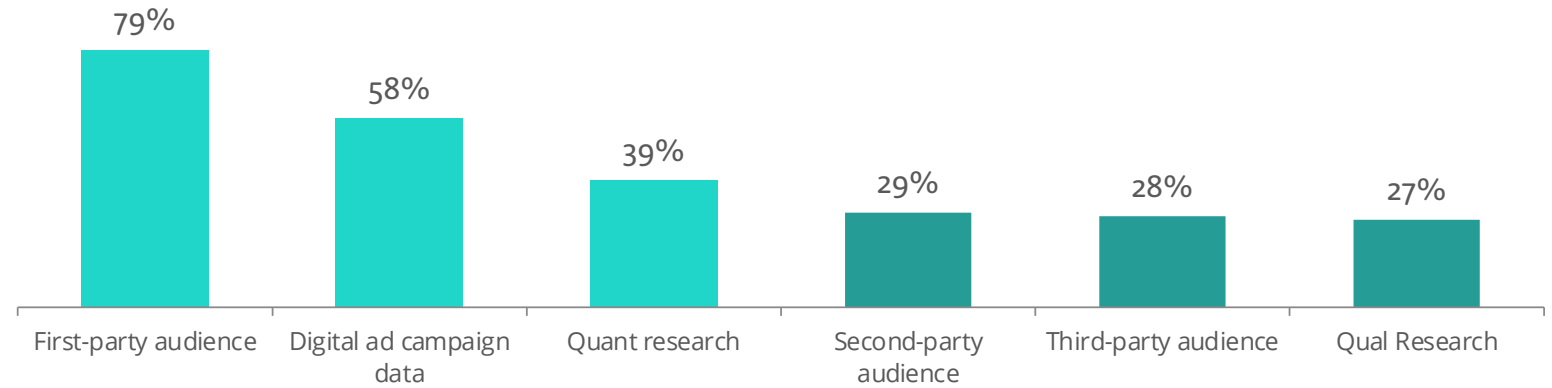
- The most used targeting criteria are location (76%) and demographics/lifestyle (74%).
- Both location and demographic targeting are used more by younger than older executives.
- Brand safety is low on the targeting criteria with only 18% using it.

Recommendations:

Other targeting options such as geo-location, cross device, and contextual are opportunities with far fewer marketers using these criteria. Brand safety is used by relatively few marketers. Inappropriate and negative placements will undoubtedly continue, and marketers would do well to include this consideration in their targeting.

Only 18% use brand safety as a targeting criteria in digital advertising campaigns.

Research and data sources



Q. Which of the following research and data sources have been used to guide your digital advertising in the last year?

- First-party audience data are used by virtually everyone - 79% have used first-party audience data, and just over half (58%) have used digital campaign data.
- Digital ad campaign data is used by over half (58%) but considerably less than those using first-party data.
- Larger companies use data more than smaller companies - first-party audience data used by 89% of >\$100M revenue vs 67% of <\$1M. Digital campaign data is used by 69% of >\$100M vs 39% of <\$1M.

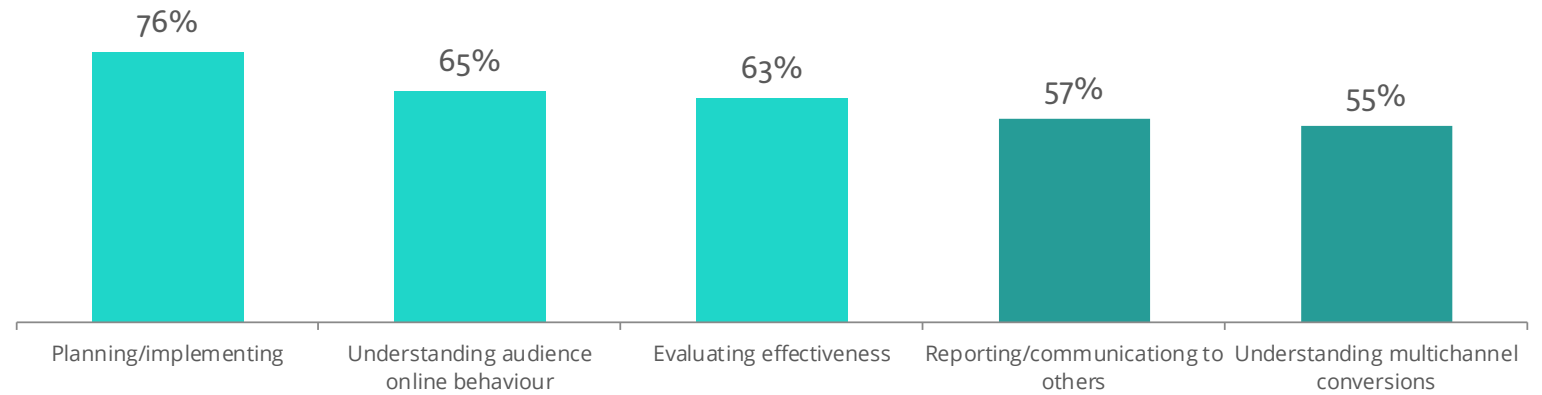
Recommendations:

There is opportunity for marketers to utilise second-party data by partnering with other non-competitive brands in the same industry. For example a men's watch brand can leverage the first-party data of a men's sneaker brand as the audience is likely to be the similar.

79% use first-party audience data in digital advertising with younger marketing executives.

Use of data in digital advertising

Research is used by most for planning and implementation (76%) and less for understanding online behaviour (65%).

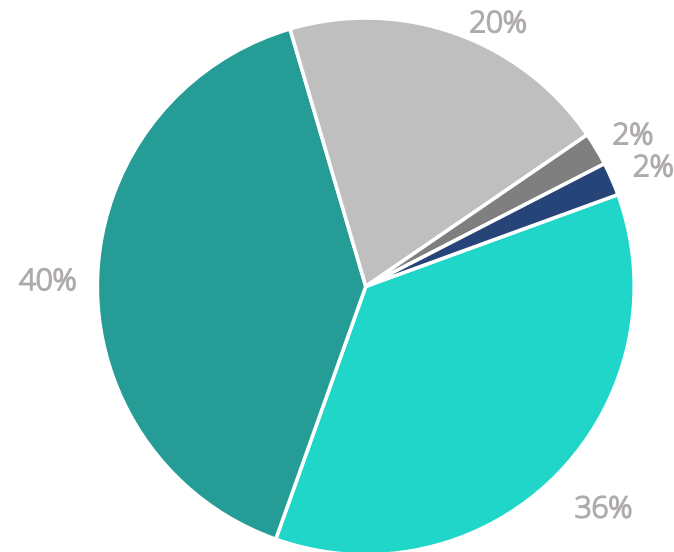


Q. For which of the following reasons have you used research/data in digital advertising campaigns in the last year?

- Research is used by most for planning and implementation (76%) and less for understanding online behaviour (65%).
- While the question of whether advertising is working remains a perennial question, it is surprising that many marketers do not use research to evaluate the effectiveness of digital campaigns.
- Many marketers appear to be overlooking the opportunity to use data/research to explore which digital channels lead to conversion.
- Smaller firms tend to use data/research less than their larger counterparts. While part of this may be budget-related, it may also reflect use of more research leads to better results.
- Marketing executives (78%) use research more than non-marketing executives (56%).

Digital versus other media

76% rated digital as “good” or “very good” relative to other media.

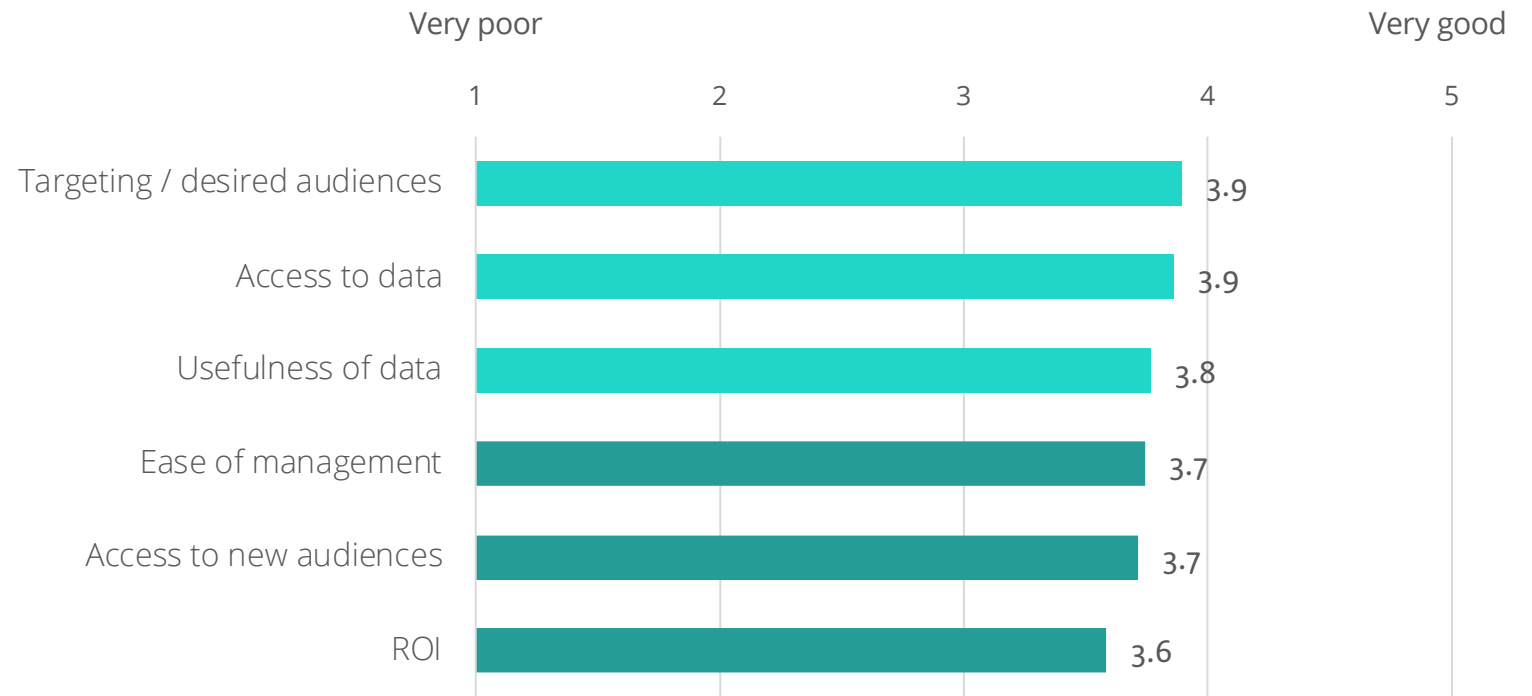


Q. How would you rate digital campaigns relative to other media?

Very good Good Average Poor Very poor

- Marketers seem pleased with digital advertising - giving it a resoundingly good rating as a medium.
- Three-quarters (76%) rated digital as “good” or “very good” relative to other media. Alternatively, digital was rated as 4.1/5 relative to other media.
- In terms of the criteria it meets, digital advertising reaches desired targets, and provides access to useful data.
- Marketers felt that while digital advertising was good on the ROI, it rated lower on this criteria than all others. The power of digital to provide ROI information deserves to be explored by more marketers.
- Ratings of digital were higher among Women, Younger executives and Marketers.

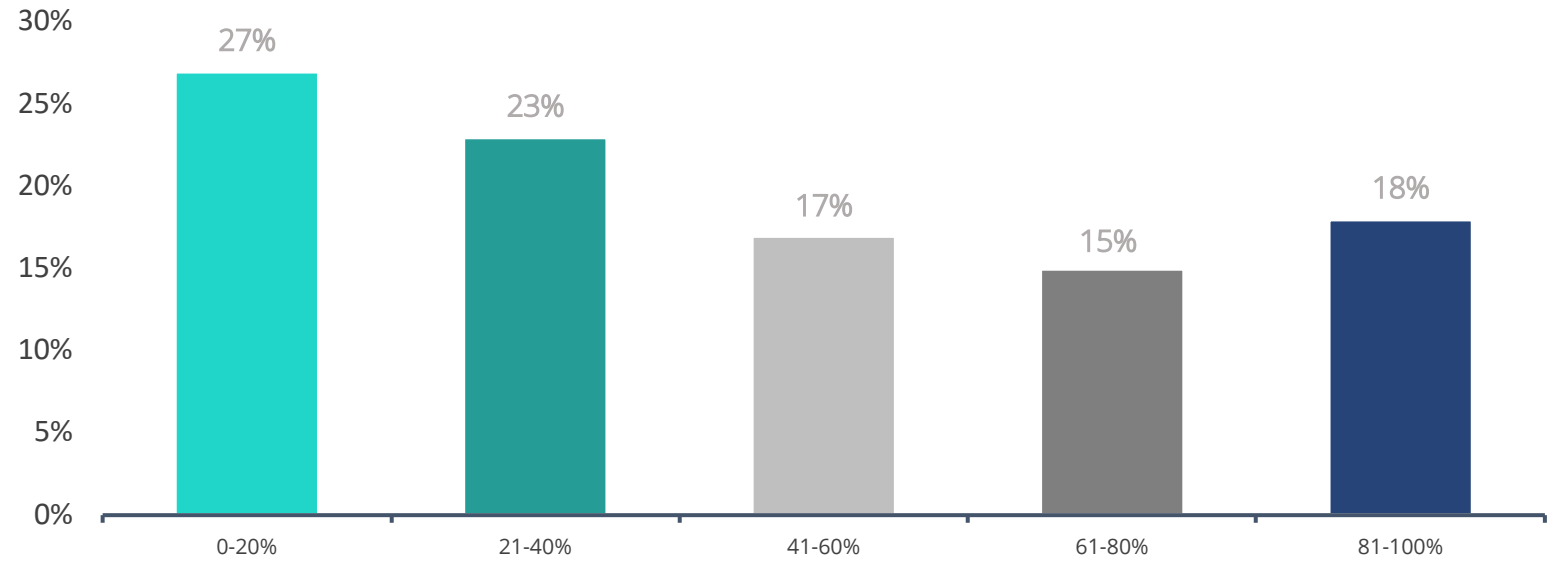
Digital advertising effectiveness



- Digital advertising campaigns were rated positively on all criteria on a 5-point scale of 1 (“very poor”) to 5 (“very good”).
 - They were rated highest in terms of targeting (3.9) and access to data (3.9).
 - Marketers gave higher ratings than non-marketers on all criteria except access to new audiences.
 - Larger companies gave higher ratings than smaller companies.

Digital Ad Spend

50% of the respondents direct up to 40% of their total ad spend to digital advertising.

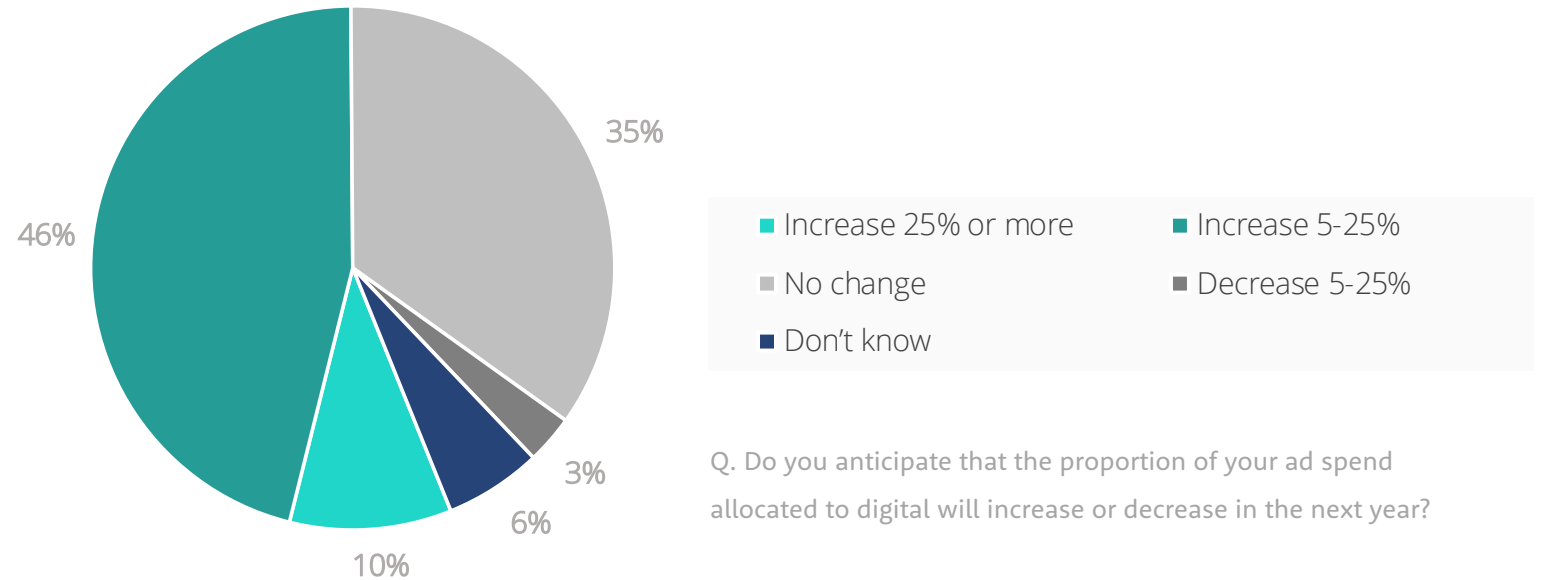


Q. Approximately what proportion of your total ad spend last year was directed to digital advertising?

- The proportion of ad budget allocated to digital varies considerably from company to company.
- Half of the respondents (50%) direct up to 40% of their total ad spend to digital advertising.
- Government, community organisations and utilities allocate markedly less to digital than others (23% versus 44% overall). They appear to be still relying on more traditional media.

Digital Ad growth

56% anticipate increasing digital ad spend by 5% or more in the next year.



- The majority of marketers expect allocation away from other media towards digital media in the coming year. However, this anticipation of growing allocations to digital was particularly marked among government, community organisations and utilities. The result suggests that even the more conservative companies are seeing that a move to digital is essential.
- Over half of the sample (56%) anticipated increasing digital ad spend by 5% or more in the next year.
- Larger increases are anticipated among: Government / community / utilities (71%), and larger companies (>\$100M): 64% vs 54% of >\$1M).

About Sparcmedia

Sparcmedia is an insight-driven digital advertising company with roots in the programmatic space since 2009. Being part of the Pureprofile group means that we are strongly positioned to capitalise on the convergence of data, media, insights and technology to revolutionise how brands connect with consumers.



Our Solutions

Programmatic Advertising | Search Advertising | Social Advertising |

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