



Video Advertising: **State of the Nation Report**

| Wave 2 | May 2022

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iab australia video council.

the iab thanks the video council for their support of this research



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introduction.

The digital video landscape continues to be an exciting and complex space. Significant numbers of Australian's continue to consume diverse digital video content across multiple screens. Digital video advertising has driven the post-pandemic recovery and growth in the online display advertising market.

The IAB Video Council drive industry projects in relation to advertising standards, best practice, creative and research of streaming ads in all environments across different consumer screens. The council are proud to launch this report presenting the results of the second wave of the state of the nation video survey to provide deeper insight into video advertising investment.

Key areas of focus in the report include:

- *drivers for digital video investment*
- *use of video for different purposes in the marketing funnel*
- *importance of tailored digital video creative alignment on metrics with campaign objectives preparedness for the retirement of third-party cookies.*

This report helps to identify priority areas for industry focus and development to support the market in 2022 and beyond. The council provides a broad, collective voice in addressing the key issues and opportunities for the industry with members from media owners, networks and agencies.

Jenn Thomas

Head of Marketing and Membership
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executive summary.

- Australian advertisers spent nearly **\$2.9 billion on digital video advertising in 2021**. Expenditure increased 48% on year prior, a growth rate not seen since 2016 and similar to the growth rates in UK and US markets last year.
- **Expanding the reach of TV** has increased significantly as a driver for digital video investment and it is now the #1 most important driver, however there are challenges in integration of buying and measuring across screens. While most agencies are collaboratively working on campaigns across linear TV and digital video, for 8 in 10 agency respondents linear TV and digital video media are bought by different teams. The lack of standardised reach and frequency metrics across screens is challenging.
- **Brand building is still the dominant objective** for digital video advertising campaigns and agencies are highly satisfied with digital video delivering on brand objectives. The use of connected tv for increasing brand awareness is on par with linear tv. Digital video on computer and mobile is more frequently used for other brand related objectives (such as informing/educating and purchase intent) and to increase sales/conversions.
- Despite branding being the predominant objective and a perceived high importance of brand lift measurement, **there is a disconnect with the metrics agencies are using to evaluate success**, with campaign delivery and cost (R&F, cost per completed view, CPM) the most commonly used metrics.
- Agencies are preparing their measurement toolkits for the retirement of third-party cookies, **moving toward sustainable measurement techniques**. The usage of Market Mix Modelling to measure success has increased significantly since last survey, while the usage of MTA has declined slightly.
- **Short-form video is the most often used format**. A significant number of agencies are experimenting with some of the emerging video formats such as shoppable ads, in-game and rewarded video.
- There is an **opportunity to improve effectiveness of digital video creative**. 46% of agencies rarely or never develop digital video advertising creative for the specific media environment. Ad effectiveness research highlights that creative quality contributes significantly to campaign effectiveness, highlighting the importance of designing video creative with context in mind. Digital video's shorter activation time than linear TV has increased as a driver for digital video usage since last year.
- Agencies rely on a diverse range of data signals. Some of these targeting options potentially utilise third-party cookies and there is a significant proportion of agencies and marketers not yet making steps to people-based marketing, however the **usage of contextual data (from content) has increased** (from 40% to 50%) since last survey.
- **Measurement complexities are challenging the advertising industry**. Cross-screen measurement for both media planning and campaign delivery reporting are cited as key challenges that industry is looking to solve for the future. The launch this year of IAB endorsed Ipsos iris content ratings, measuring video audiences across computer, smartphone and tablet along with integration of OzTam CTV audience data, will be a significant step forward for cross-screen media planning.

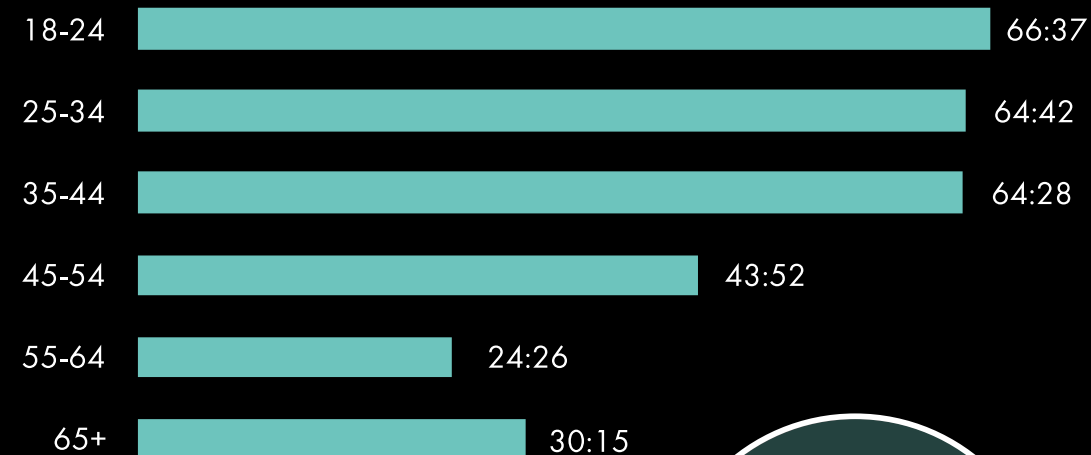
content and screens are driving video consumption.



monthly reach of australian adults streaming video



time per australian adult streaming video



over

9 in 10

18-44's are streaming video content for over 64 hours each per month on:

- desktop
- smartphone
- tablet device

17.4 million australians
stream on average
50 hours per month on:
desktop
smartphone
tablet

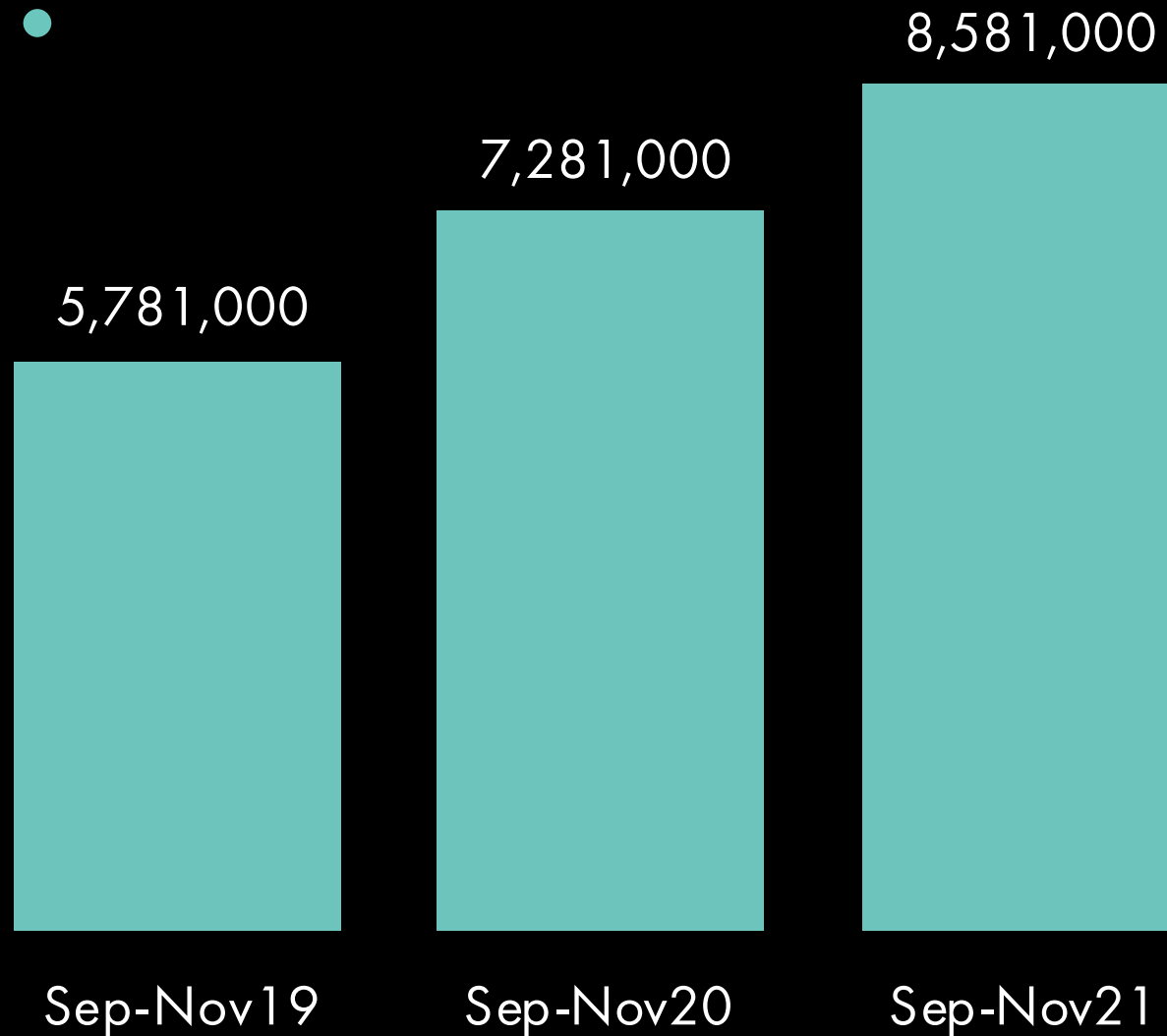
connected tv audience continues to grow.

**18% YOY
increase**
in daily CTV
audience

**nearly
11.9 million
australians**

view internet content on a connected TV monthly
with nearly 8.6 million viewing daily.

Source; IAB Australia Nielsen Digital Enumeration Study September 2021
- November 2021 quarter ages 14+ n=3000 per quarter



australians viewing internet content on a connected tv daily

video is a key driver of digital advertising growth.



australian
advertisers
spent nearly
\$2.9 billion

on digital video advertising last year.
expenditure increased 48% on year prior, a growth rate not seen since 2016.

56% share
of digital display market

48% growth
YOY

Source; IAB Australia Online Advertising Expenditure Report (OAER) prepared by PWC CY 2021

annual digital video advertising expenditure



video ad expenditure surged in 2021 across markets.

digital video advertising expenditure growth and share

	UK		US		Australia	
	2020	2021	2020	2021	2020	2021
Video expenditure growth YOY	19%	58%	21%	51%	18%	48%
Video share of display expenditure	54%	56%	37%	41%	53%	56%

Source; IAB UK/PWC Digital Ad Spend Reports; IAB US/PWC Digital Ad Spend Reports; IAB Australia Online Advertising Expenditure Report (OAER) prepared by PWC

methodology.

- This study was conducted by independent research company, Hoop Research Group.
- Fieldwork was carried out in March and April 2022.
- 187 advertising decision makers from agencies (incl trading desks and DSP's) completed the survey.
- Respondents were responsible for advertising decisions or influenced advertising decision making for their company or clients and had previously bought digital video advertising.
- The survey gathered industry information on video advertising that appears on connected devices such as Connected TV, Computers (desktop/laptop), Smartphone or Tablets. This included video advertising in all varieties of long-form and short-form digital content and social platforms.
- The 2022 results in this report have been compared to results from the [first wave](#) of the IAB attitudes to video advertising survey conducted in November and December 2020 and released early 2021.



reach and targeting drive usage of digital video.

drivers of continuing digital video ad investment and recommendation

australia

1. expanded reach of TV campaigns
2. better targeting and personalisation
3. reach audiences at scale
4. audience attention and engagement
5. brand building

europa

1. reach audiences at scale
2. expanded reach of TV campaigns
3. better targeting and personalisation
4. brand building
5. brand storytelling

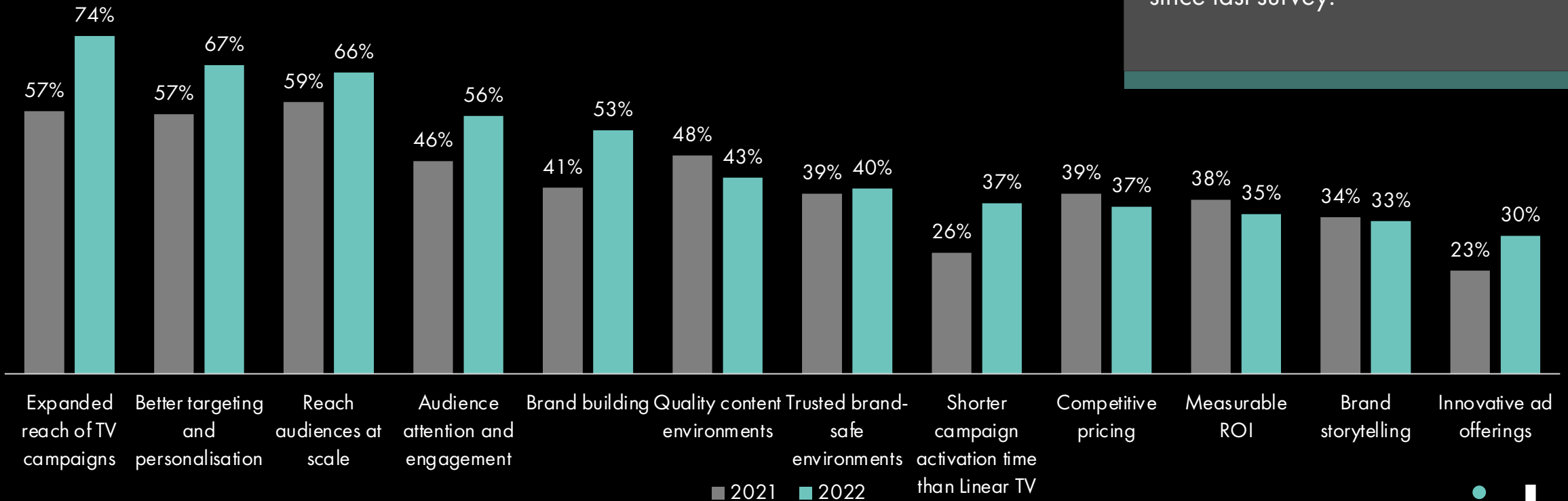
Agencies continue to see digital video as a way to expand the reach of broadcast campaigns, along with being able to better target and personalise their campaign to audiences.

Brand building is also seen as an important driver for digital video advertising and we see later in this report that branding is the key objective for campaigns. These key drivers for digital video use are also reflected by European advertisers and agencies as reported in the 2022 IAB Europe State of Online Video Advertising Survey.

expanding the reach of TV is the strongest driver of digital video investment and recommendation.

Many aspects are increasingly being seen as key drivers for using digital video since last survey. Amongst all drivers, expanding the reach of TV has increased the most since last year and is now the most important driver. Brand building, shorter activation times, better targeting, attention and engagement have also all increased significantly as drivers for digital video since last survey.

drivers of continuing digital video ad investment and recommendation



Source; IAB Australia Video Advertising State of the Nation 2022 conducted by Hoop Insights & Strategy (2022 n=187, 2021 n=174)

Q - Which of the following are key drivers for continuing to use or recommend Digital Video advertising (on Connected TV, computer or mobile)? Please select all that apply

agencies plan and buy digital video in combination with other advertising types.

Over the last year

most agencies have planned

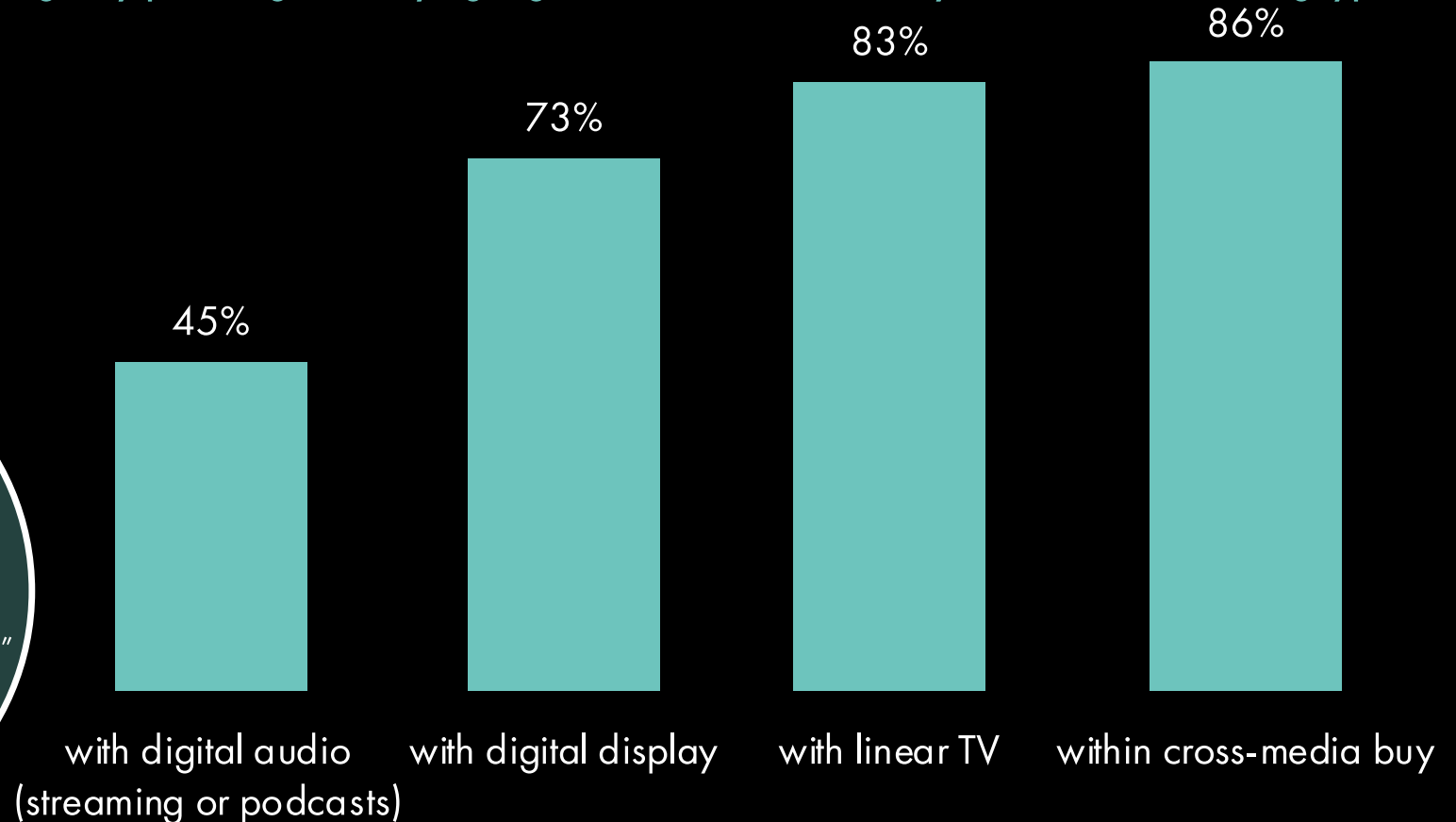
and bought digital video collaboratively in a cross-media buy and 8 in 10 have specifically just bought digital video with linear TV.

This question was included for the first time in the 2022 survey.

"To promote a stronger role for digital video, provide greater accessibility for running and reporting video, especially BVOD, allowing that activity to more easily operate with the rest of digital"

Agency digital strategist

agency planning and buying digital video collaboratively with other advertising types



linear tv and digital video advertising by different teams.

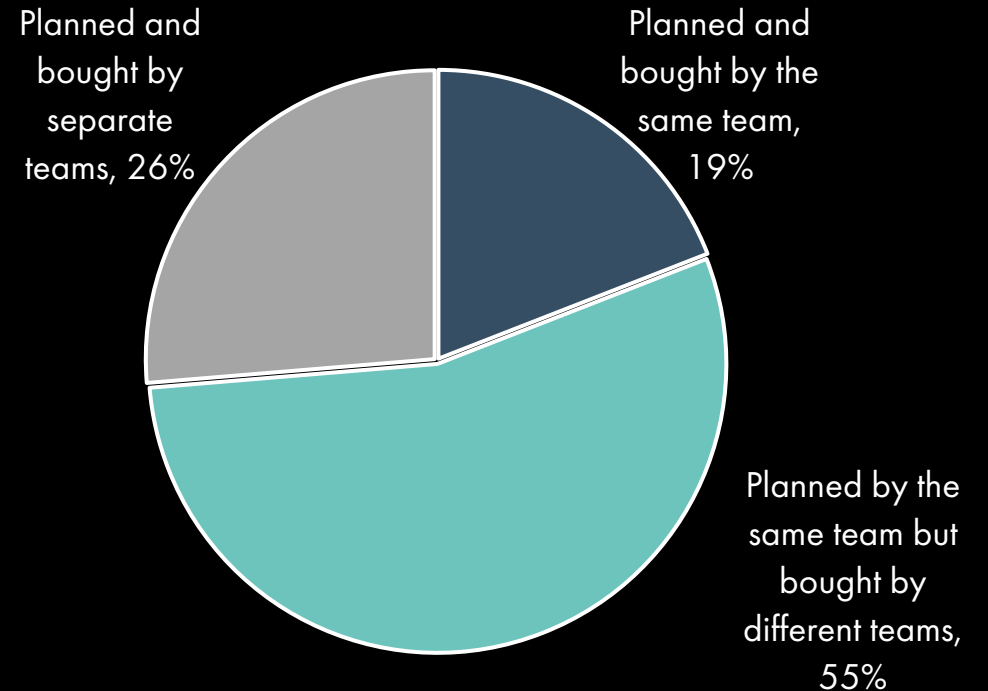
for **8 in 10** agency respondents

(81%) linear TV and digital video are bought by different teams. This question was included for the first time in the 2022 survey.

Source; IAB Australia Video Advertising State of the Nation 2022 conducted by Hoop Insights & Strategy (n=187)
Q - How does your agency typically plan and buy Linear TV and/or Digital Video advertising (across any screen/device)?

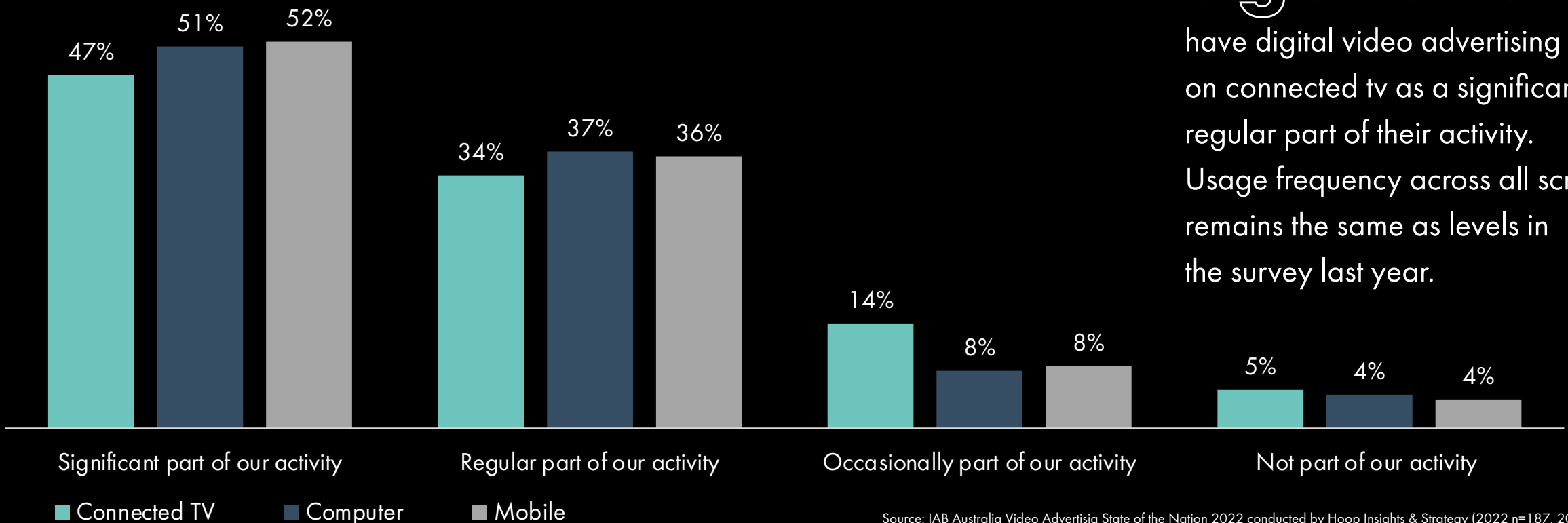
"To promote a stronger role for digital video, Digital video and TV planning methods need to be more integrated."
Agency Account Director

agency planning and buying of linear tv and digital video



connected tv is a regular part of activity when agencies target specific screens.

agency planning and buying across screen
(amongst those who buy digital video on specific screens)



8 in 10
agencies

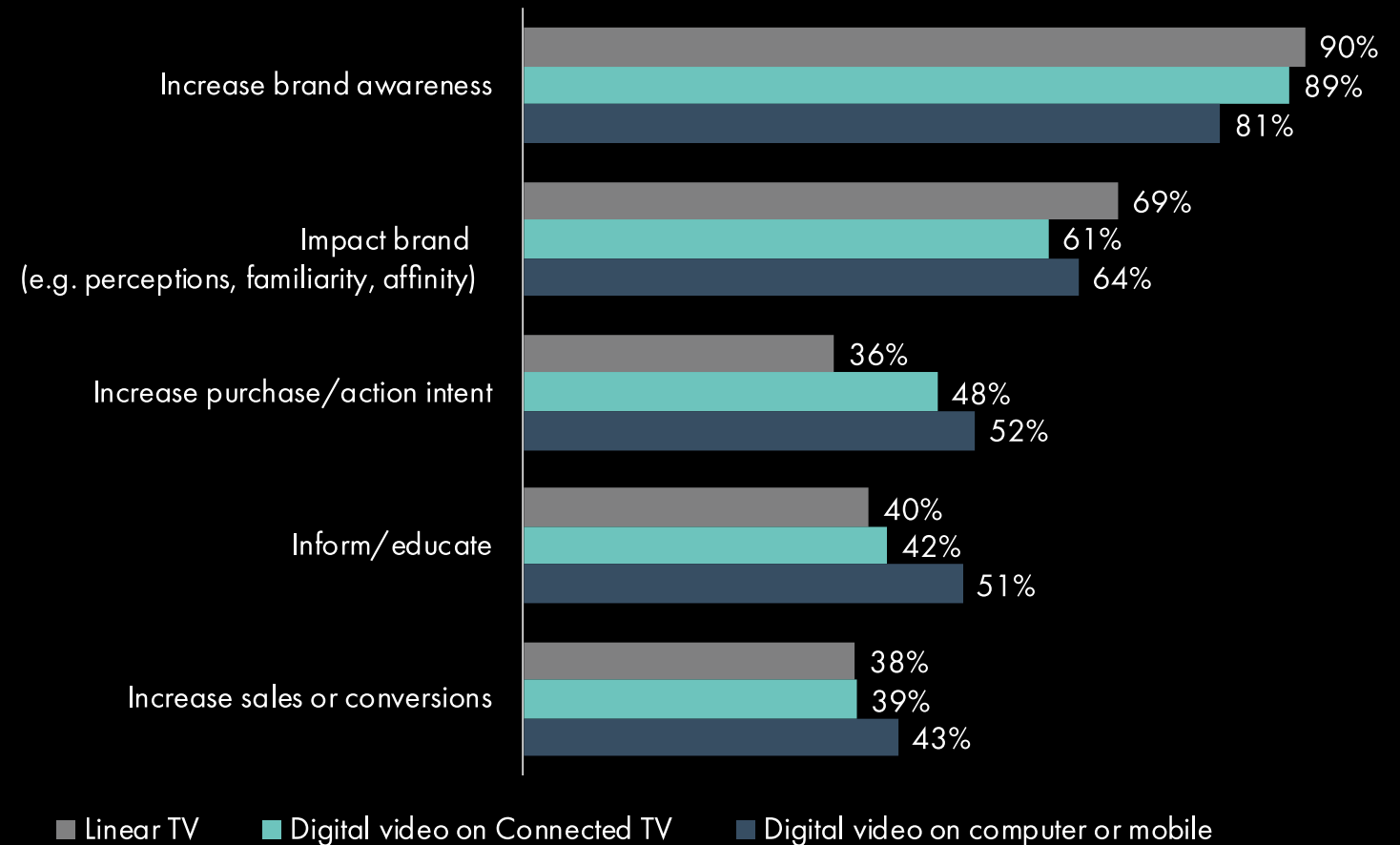
have digital video advertising on connected tv as a significant or regular part of their activity. Usage frequency across all screens remains the same as levels in the survey last year.

branding is the predominant objective for video advertising.

Increasing brand awareness is the predominant objective for all digital video advertising.

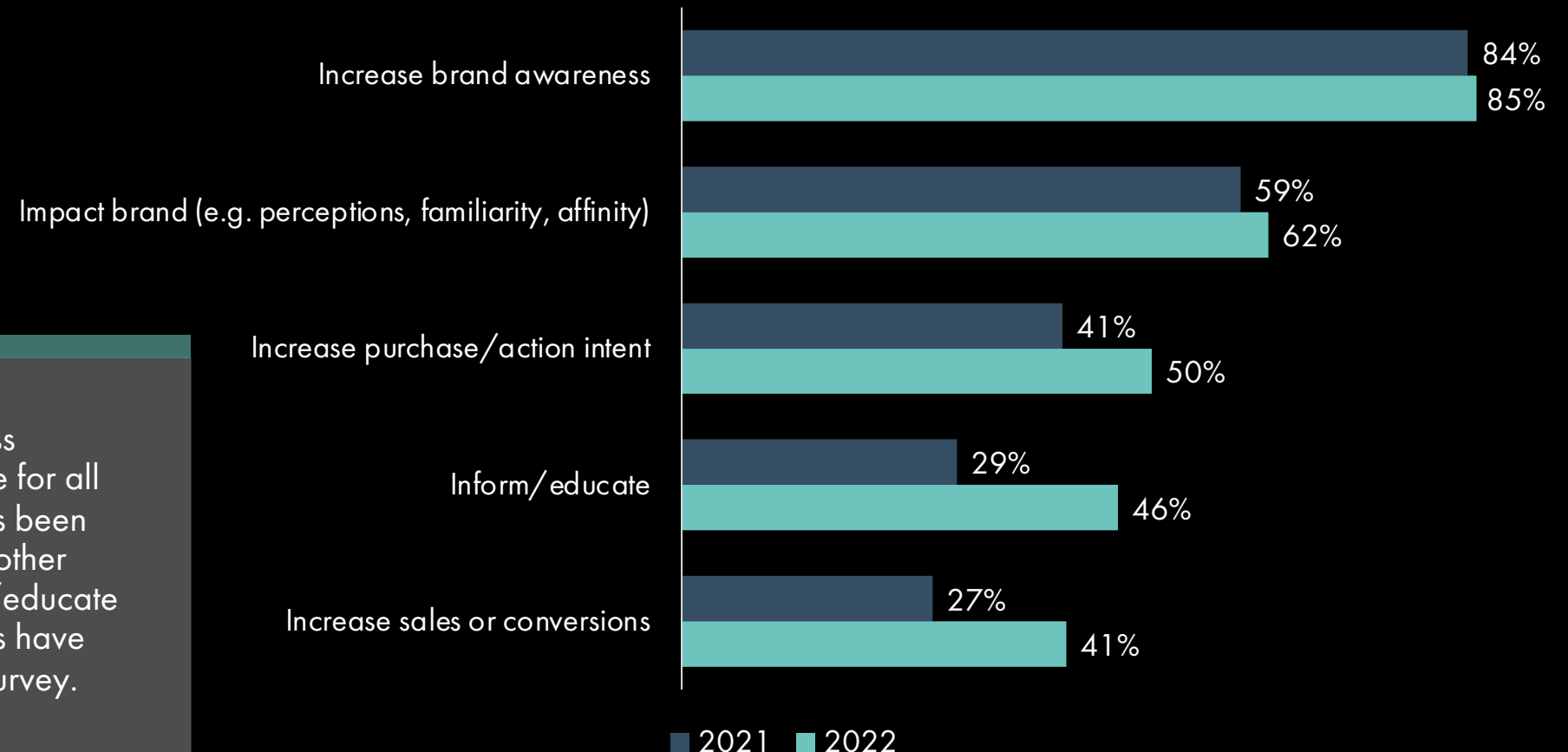
While video advertising on connected tv is slightly more used for increasing brand awareness, video advertising on computer and mobile are more frequently used for other brand related objectives and to increase sales/conversions.

agency objectives for digital video advertising



increase in usage of video advertising for other objectives.

agency objectives for digital video advertising connected tv, computer, mobile



While increasing brand awareness remains the predominant objective for all digital video advertising, there has been an increase in usage of video for other objectives, in particular to inform/educate and to increase sales/conversions have increased significantly since last survey.

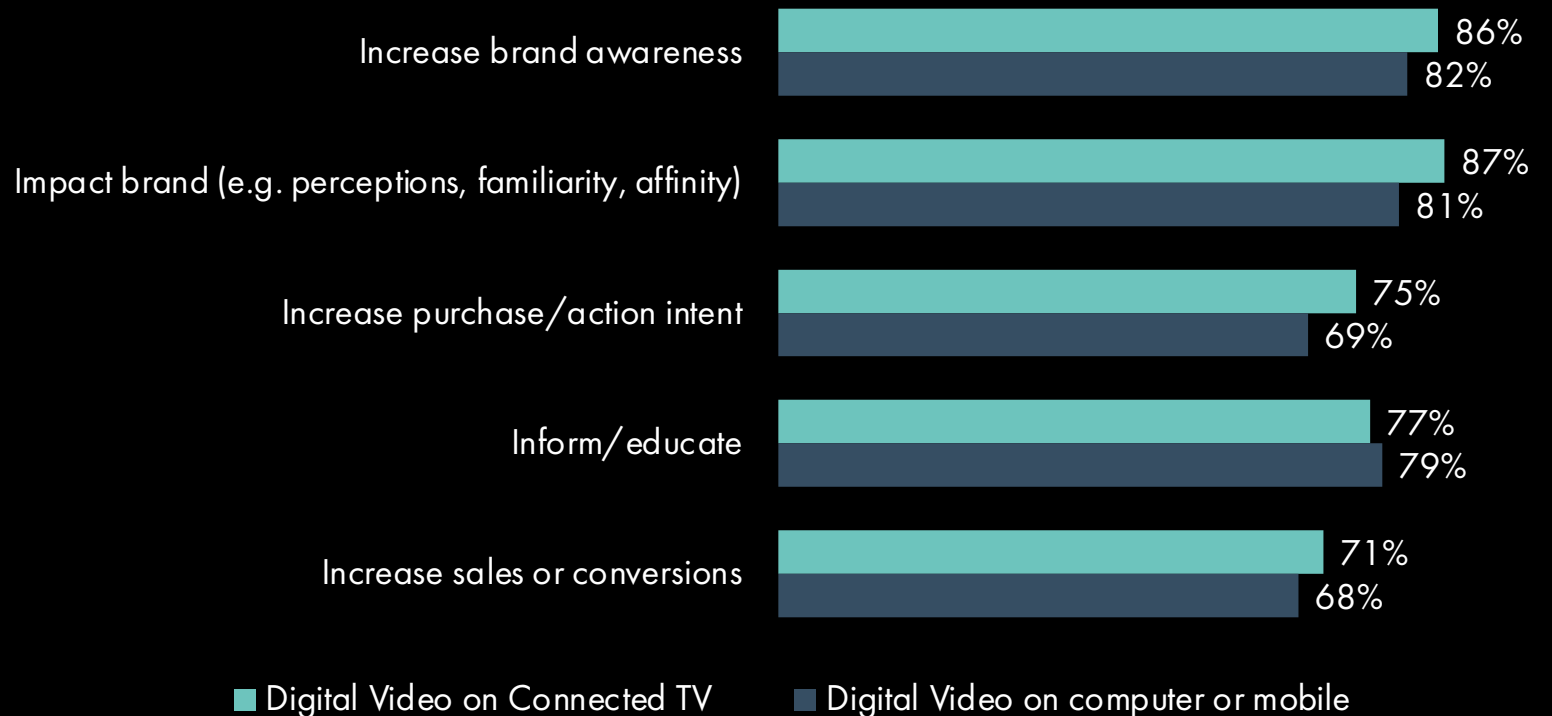
high satisfaction with digital video for branding.

"Video is so powerful and impactful to overall media strategies"

agency media planner/buyer

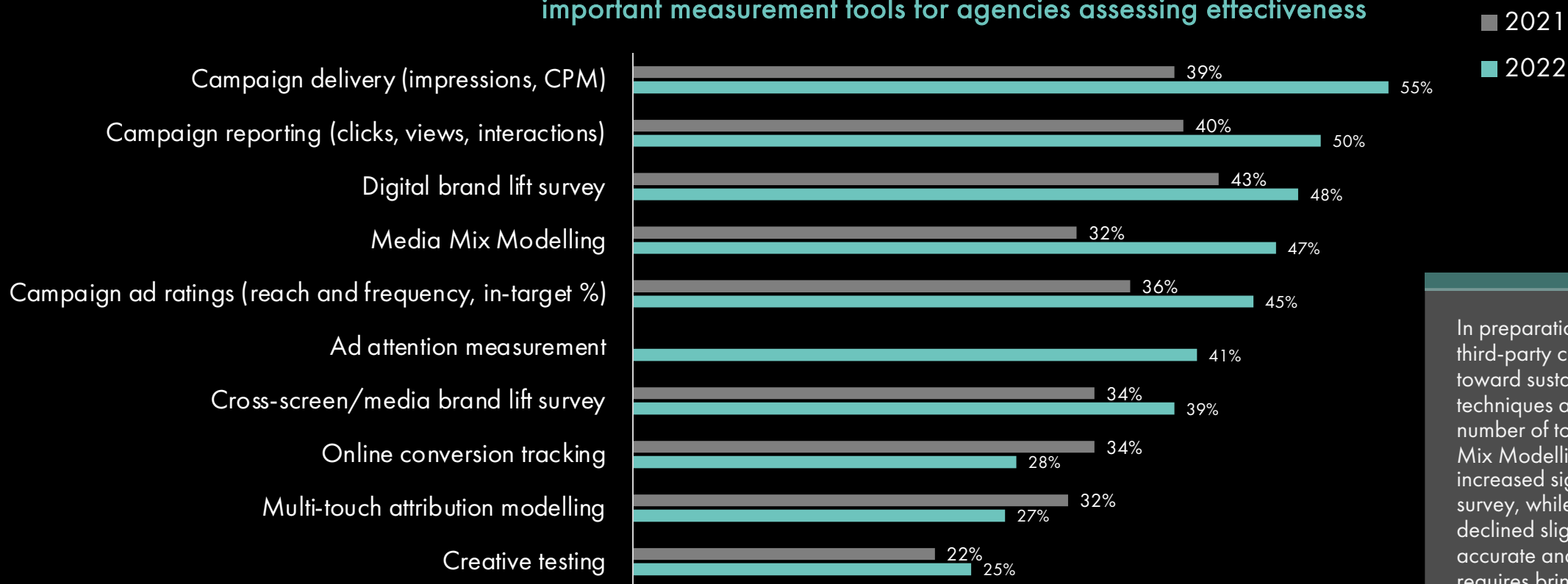
increasing brand awareness is the predominant objective for all digital video advertising. **over 8 in 10 agencies** who used digital video for increasing brand awareness have been satisfied with campaign results.

agency satisfaction with digital video advertising (amongst agencies using digital video for the objective)



an increasing number of measurement tools being used for assessing digital video ad effectiveness.

important measurement tools for agencies assessing effectiveness



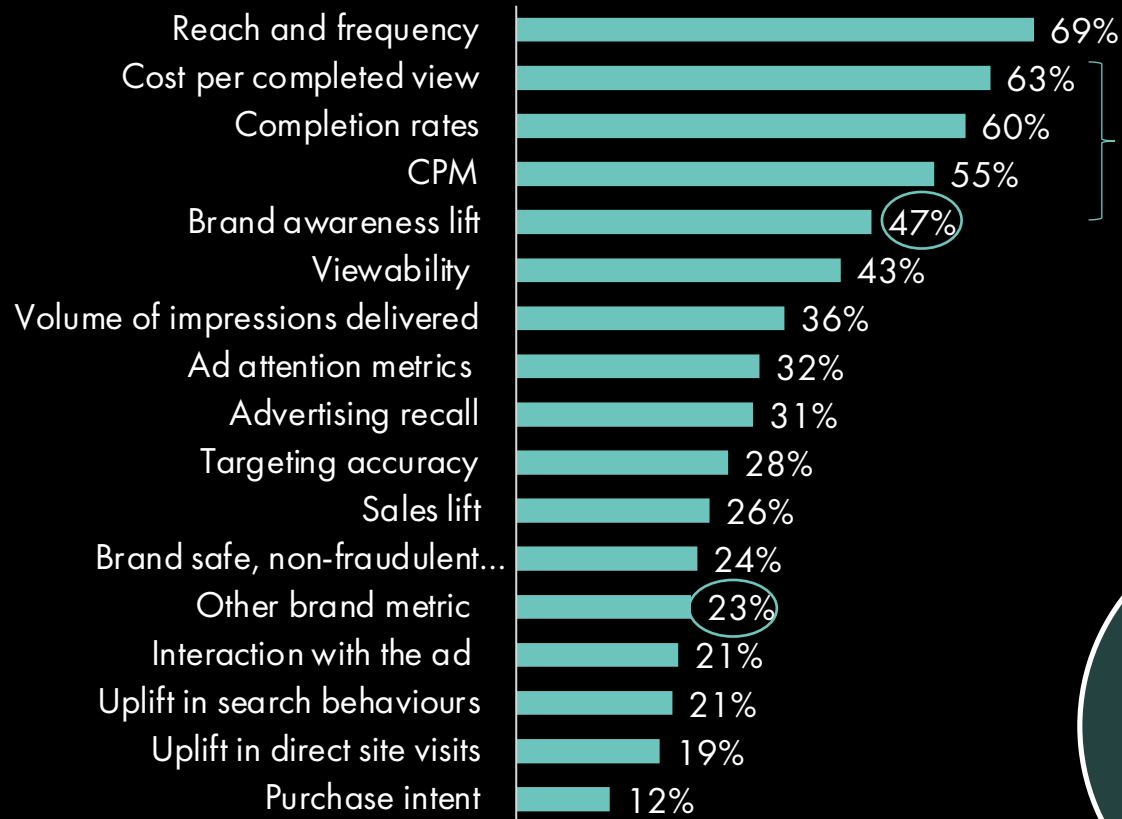
In preparation for the retirement of third-party cookies there is movement toward sustainable measurement techniques and the use of a greater number of tools. The usage of Market Mix Modelling in particular has increased significantly since last survey, while the usage of MTA has declined slightly. Achieving both accurate and practical measurement requires bringing together multiple measurement solutions into a holistic measurement system.

Source; IAB Australia Video Advertising State of the Nation 2022 conducted by Hoop Insights & Strategy (n=187), (2022 n=187, 2021 n=174)

Q - When assessing the effectiveness of your Digital Video advertising investment (on Connected TV, computer or mobile), which of the following measurement tools are important to you? Please select as many as appropriate

success metrics focused on delivery.

key performance indicators used to measure campaign success



Campaign delivery metrics most commonly used, however there has been an increase in the usage of all metrics over the last year suggesting agencies are increasingly using delivery metrics in combination with other effectiveness metrics.

Campaign delivery and hygiene metrics are more commonly used to assess success than effectiveness metrics. While the predominant objectives for digital video campaigns are brand related, brand metrics are far less used as the measure of success.

Delivery metrics demonstrate an agencies media planning success but should be used in combination with effectiveness metrics to show the impact the campaign had on marketing objectives once it reached the intended audience.

Most common campaign metrics used in Europe:

- 1.Brand awareness
- 2.Completion rates
- 3.Viewability
- 4.Ad recall
- 5.Purchase intent

"To promote a stronger role for digital video, improve measurement rather than vanity metrics"

Agency account director

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nearly a third using ad attention metrics.

There has been increasing exploration of advertising attention in the Australian market. 32% of agencies report using ad attention metrics such as attention time as an indicator of campaign success for digital video. Agencies see an increasing role for ad attention measurement over the next two years with development of robust measurement.

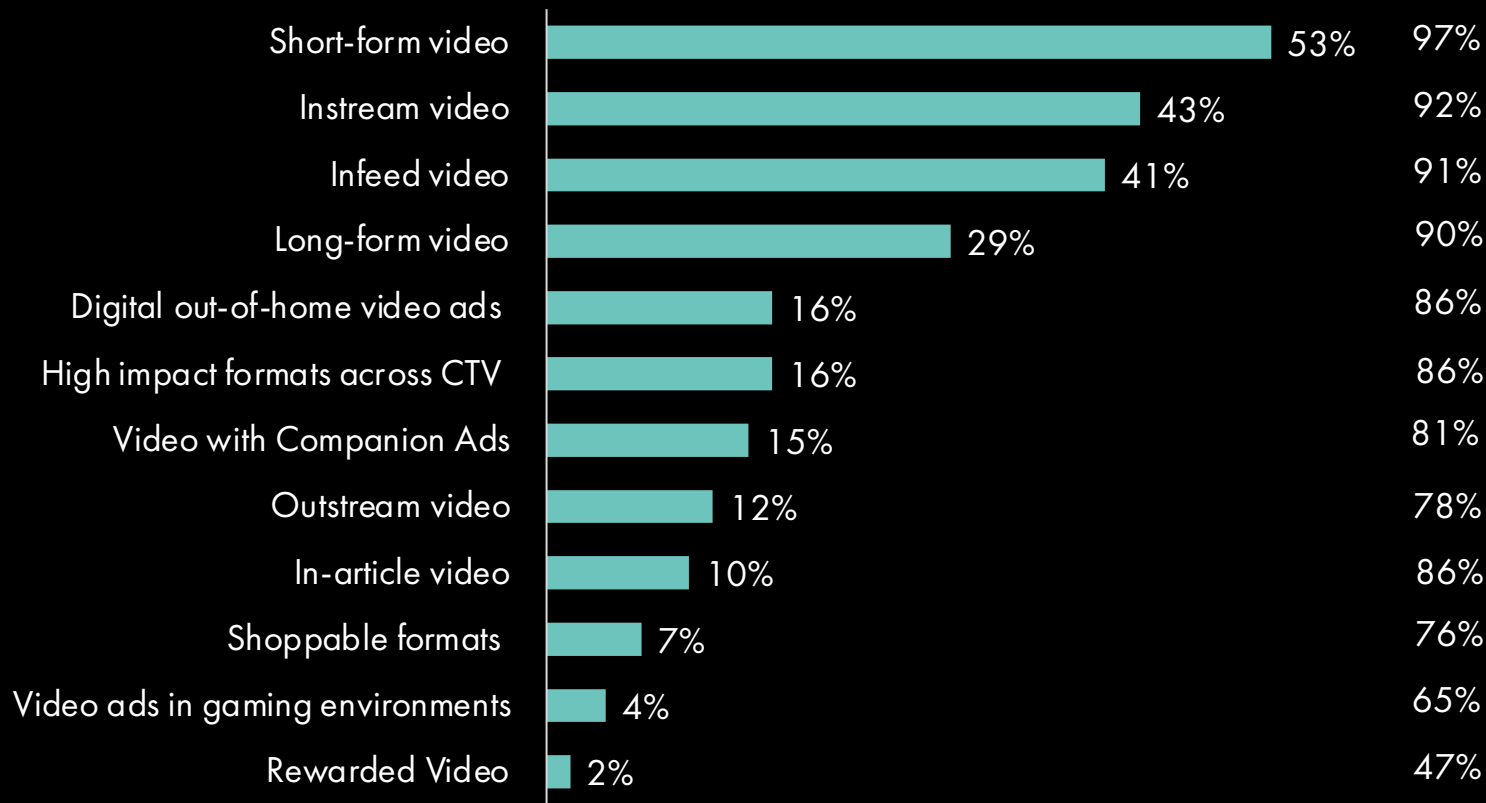
the role of ad attention measurement over the next two years

<p>"We know reach and frequency measures are not enough. We need to know that not only was our ad delivered in a brand safe, viewable and non-fraudulent environment, but that we gained the attention of consumers - eyes on ad!"</p>	<p>"Will play a much more key role in assessing success as more robust measurement in this space is developed"</p>	<p>"Important but needs to be communicated and delivered better from buying teams"</p>
<p>"Used to evaluate and prioritise online video environments that drive higher attention."</p>	<p>"It will be one of the main reasons we spend with certain online video providers and will help inform where linear TV budget will move to."</p>	<p>"will continue to grow with better measurement of attention"</p>
<p>"It will help us move from 'viewability' (opportunity to see ad) to 'viewed' (confirmation of ad being seen)"</p>	<p>"I think attention will become a next level hygiene metric. Showing an ad to a human, who had the opportunity to see it and then paid attention is one step closer to closing the gap between advertising and campaign impact."</p>	<p>"It'll be important as a quality metric and to level the field in comparison to other video formats, gives better understanding of contribution to effectiveness"</p>
<p>"A huge impact in terms of the way that we measure our results and define success for ad attention, especially if we are able to make the results comparable across Linear TV, BVOD and OLV environments."</p>	<p>"High, but it will suffer from lack of common methodology, definition and data source and only apply to a small % of the activity that runs."</p>	<p>"The role of ad attention measurement in assessing video success will increase if measurement improves."</p>

short-form video is the most often used format.

video ad formats used most often ('always use')

total use of format



There is high usage of all digital video ad formats with short-form video the most often used.
 Nearly all agencies use short-form video (**97%**) with over half (**53%**) always using this format.
 This question was included for the first time in the 2022 survey.

reasons european advertisers look for new formats:

- improved measurement / effectiveness
- better consumer experience
- more native / integrated experience

"To promote a stronger role for digital video, focus on the role of short-form programmatic video for brand advertisers"

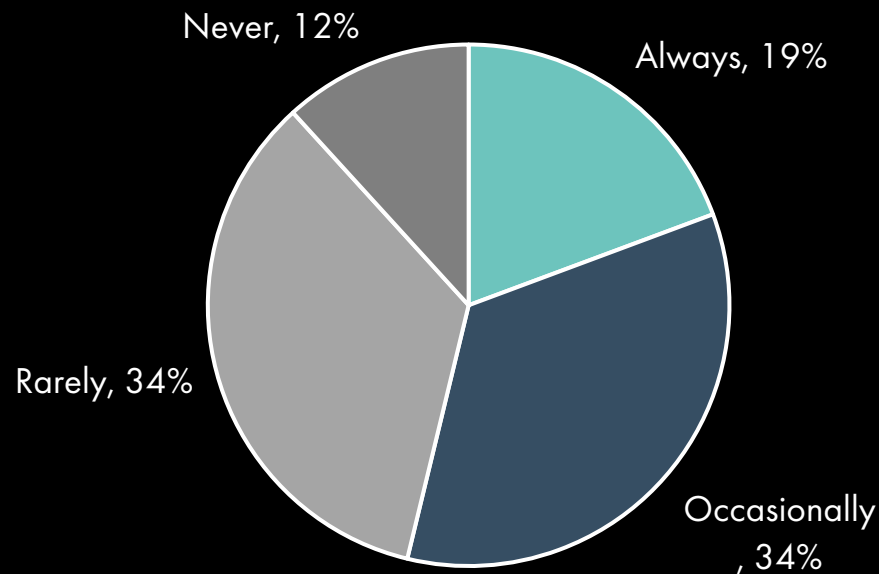
agency account director



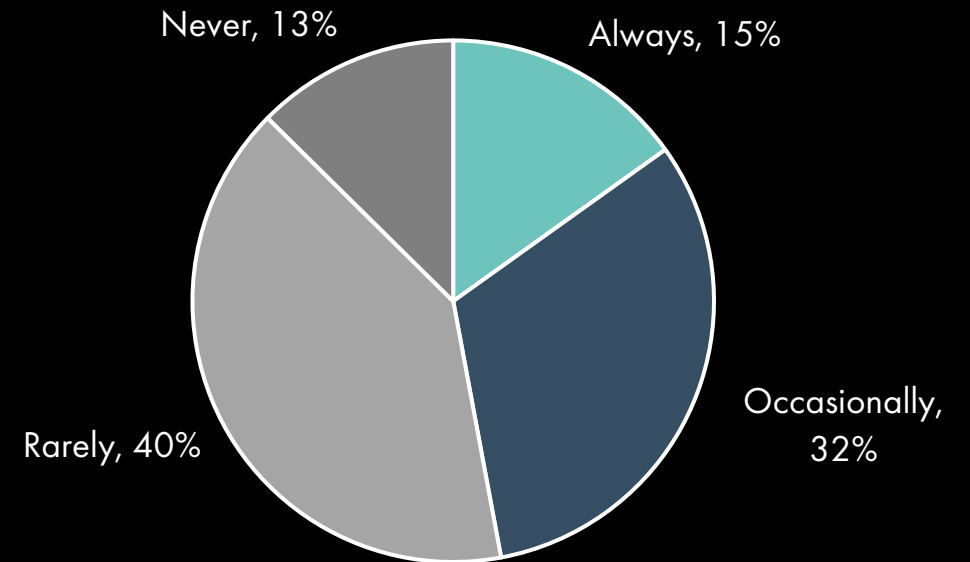
room to improve fit for purpose creative.

Ad effectiveness research shows that optimal creative is customised to the media and well integrated across media. There is an opportunity to improve effectiveness of digital video creative for those 46% of agencies that rarely or never develop digital video advertising creative for the specific media environment. The frequency of adjusting creative to media environment or target segments has not increased over the last year.

adjust creative to media environment



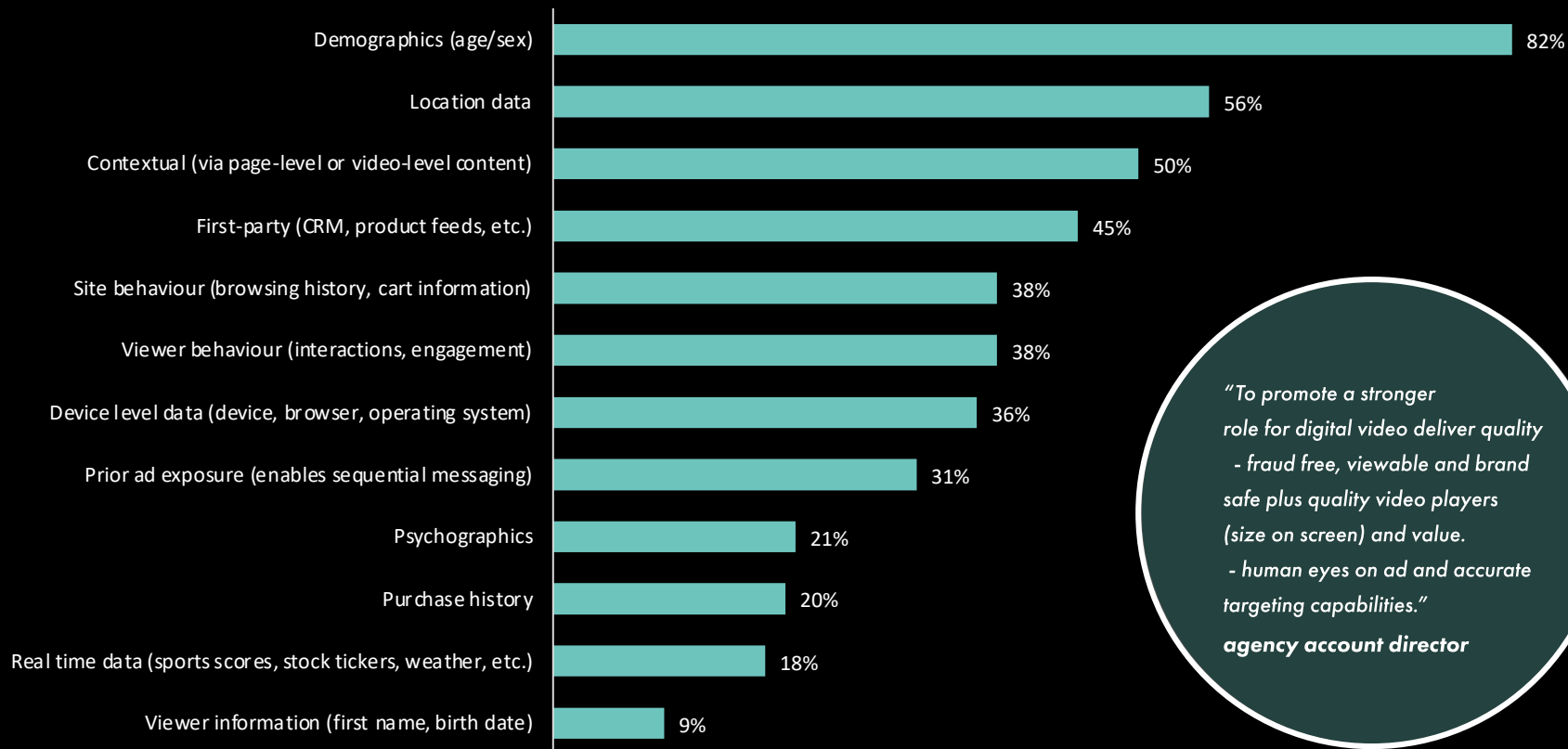
adjust creative to target segments



Source; IAB Australia Video Advertising State of the Nation 2022 conducted by Hoop Insights & Strategy (2022 n=187, 2021 n=174)
How often does your company/client develop creative executions for Digital Video advertising campaigns for different environments and different target segments?

a diverse range of data signals being used.

data signals being used for targeting and creative



"To promote a stronger role for digital video deliver quality - fraud free, viewable and brand safe plus quality video players (size on screen) and value. - human eyes on ad and accurate targeting capabilities."

agency account director

There is a diverse range of data signals being used to inform targeting and creative for digital video advertising, most commonly age and gender demographics.

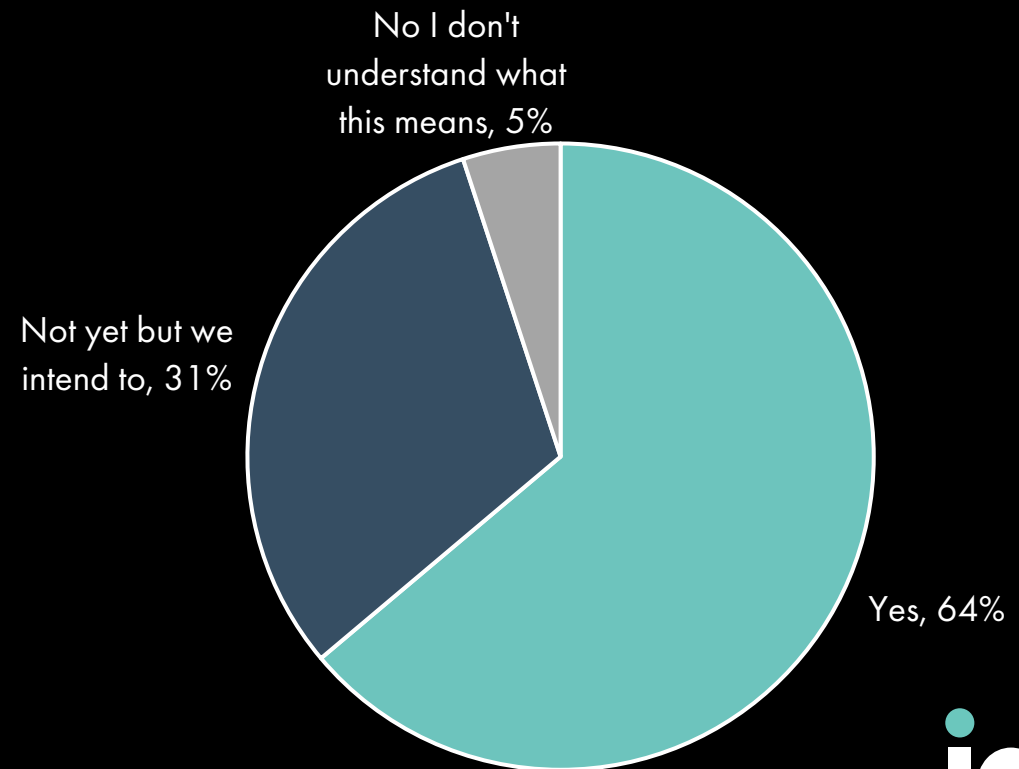
Usage of demographics has increased since last survey (from 65% to 82%). Agencies rely on a range of data signals potentially utilising third-party cookies, however the usage of contextual data has increased (from 40% to 50%) since last survey.

Source; IAB Australia Video Advertising State of the Nation 2022 conducted by Hoop Insights & Strategy (2022 n=187, 2021 n=174)
Q - Which of the following data signals is your company/client using to inform targeting and creative for Digital Video advertising (on Connected TV, computer or mobile)? Please select all that apply.

preparations for post-cookie are required.

agency preparations for third-party cookie retirement

Agencies and advertisers need to undertake preparations for third-party cookie retirement. 36% of agencies report they are not yet making preparations to towards people-based marketing that will enable planning, activating and measuring interactions across media into the future when third-party cookies are no longer available to use. This has not changed since the last survey.



Source; IAB Australia Video Advertising State of the Nation 2022 conducted by Hoop Insights & Strategy (2022 n=187, 2021 n=174)

Q -Are you or your clients' making plans toward people-based marketing and identity solutions that will enable planning, activating and measuring interactions across media into the future (when third-party cookies are no longer available to use)?

cross-screen measurement a key global challenge.

top 3 challenges for driving greater brand investment in digital video advertising

AUSTRALIA	EUROPE
1. Lack of standardised campaign reach and frequency metrics across screens	1. Lack of cross screen measurement
2. Lack of tools to carry out cross-screen/media planning	2. Viewability
3. Difficulties in measuring the attribution of video media touchpoints to campaign effectiveness	3. Market fragmentation

Cross-screen measurement for both media planning and campaign delivery reporting are key challenges for driving greater investment into digital video advertising according to agencies. This is a global challenge that requires significant industry collaboration.

Viewability is a far greater concern in the European market than Australia, with only 3% of Australian agencies saying viewability was a top 3 challenge for digital video advertising.

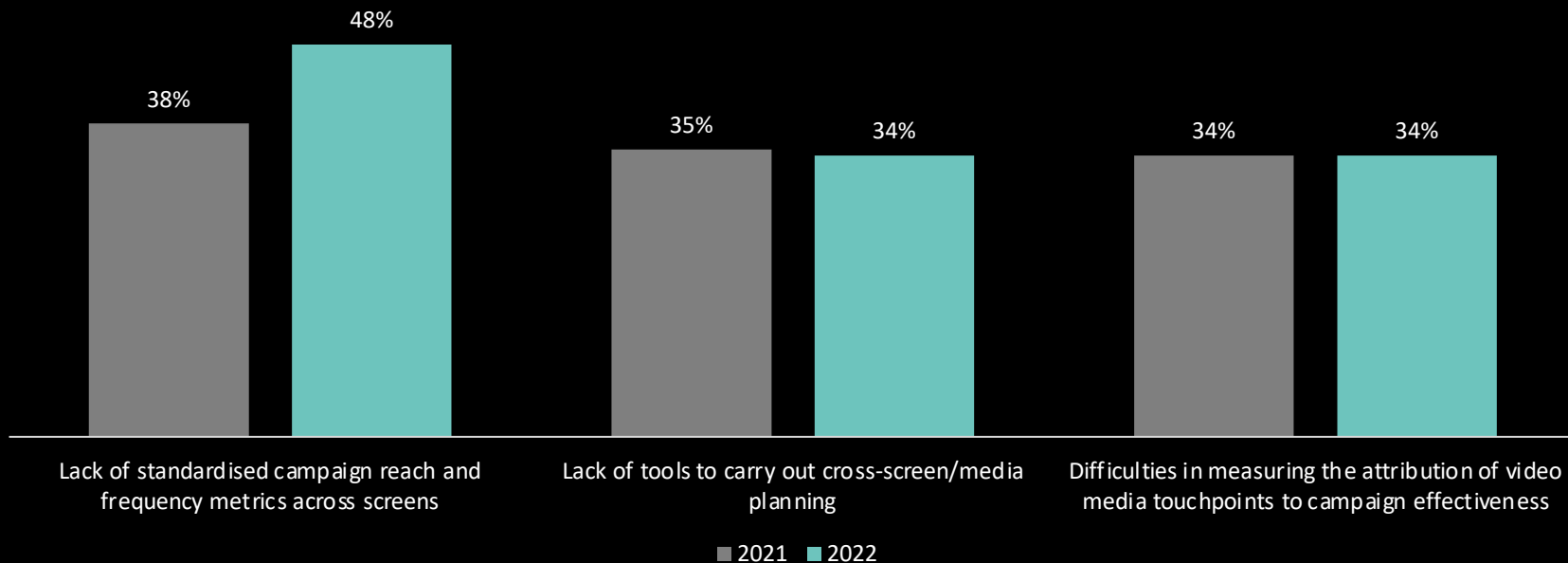
"I feel like video is already playing such a big role across all my client campaigns, however cross-screen measurement is key to justify incremental reach and continued investment"

agency strategist

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cross-screen measurement a key global challenge.

drivers of continuing digital video ad investment and recommendation



Expanding the reach of TV campaigns is increasingly a key driver of digital video investment and so the challenge of measuring campaign reach and frequency across screens is even more in focus.

Digital reach and frequency and attribution techniques are being impacted by the retirement of the third-party cookie. It's important for agencies and marketers to understand how the changes impact their measurement tool kit and get ready for the post-cookie world.

In Australia, the launch this year of IAB endorsed Ipsos iris content ratings, measuring video audiences across computer, smartphone and tablet along with integration of OzTam CTV audience data, will be a significant step forward for cross-screen media planning.

Source: IAB Australia Video Advertising State of the Nation 2022 conducted by Hoop Insights & Strategy (2022 n=187, 2021 n=174)

Q - What are the 3 biggest issues preventing more brand investment in Digital Video advertising (on Connected TV, computer or mobile)? Please select up to 3 responses.

useful iab video resources.

creativity
in video

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connected tv
one stop shop

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