video advertising

state of the nation

wave 3

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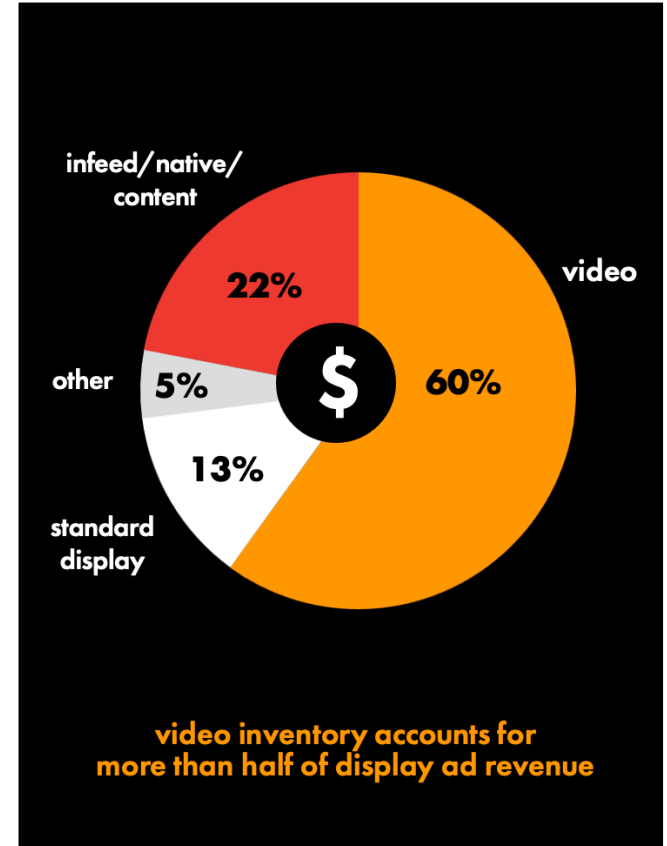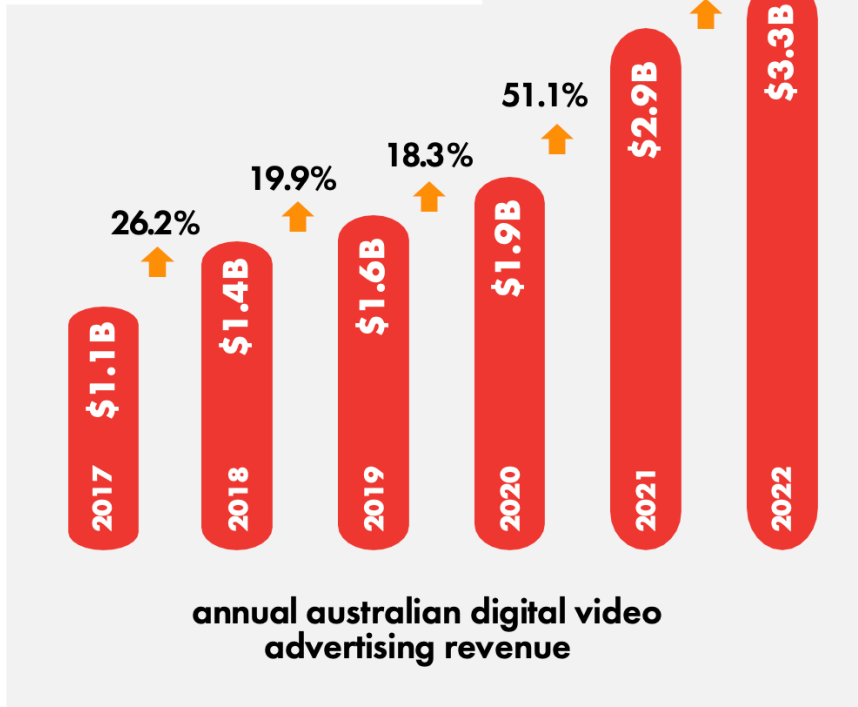
2023

contents

australian digital video ad revenue trends

$3.3 billion

total digital video market
cy22

top 3 video advertiser categories
cy22

retail — 2
fmcg — 1
auto — 3

85% of Australians watched video content online in the last week

annual australian digital video advertising revenue

- 2017: $1.1B — 26.2%
- 2018: $1.4B — 19.9%
- 2019: $1.6B — 18.3%
- 2020: $1.9B — 51.1%
- 2021: $2.9B — 12.2%
- 2022: $3.3B

Pie chart:
- video — 60%
- infeed/native/content — 22%
- standard display — 13%
- other — 5%

video inventory accounts for more than half of display ad revenue

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video advertising is a key driver of online advertising expenditure across markets

online video advertising expenditure share and growth year on year by market

	UK		US		Australia	
	2021	**2022**	**2021**	**2022**	**2021**	**2022**
Video expenditure growth YOY	58.1%	9.1%	50.8%	19.3%	51.1%	12.2%
Video share of digital expenditure	23.3%	23.3%	20.9%	22.5%	22.6%	23.3%

content and screens driving high video consumption

85%

of all people 14+ watched an online video in the last 7 days.

media consumption by age in last 7 days

	Watched any video online	Watched paid streaming service	Watched a video on social media	Watched free live TV	Watched free online TV	Watched Foxtel or Fetch TV
14-24 years old	95%	76%	89%	40%	28%	14%
25-44 years old	94%	79%	83%	51%	39%	17%
45-64 years old	84%	64%	59%	74%	48%	26%
65+ years old	62%	39%	30%	78%	41%	26%

Legend: 14-24 years old, 25-44 years old, 45-64 years old, 65+ years old

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methodology

- This study was conducted by independent research company, Hoop Research Group.

- Fieldwork was carried out in May 2023.

- 133 advertising and agency decision makers 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 2023 results in this report have been compared to results from the first wave of the IAB state of the nation video survey conducted in 2021 and the second wave conducted in 2022.
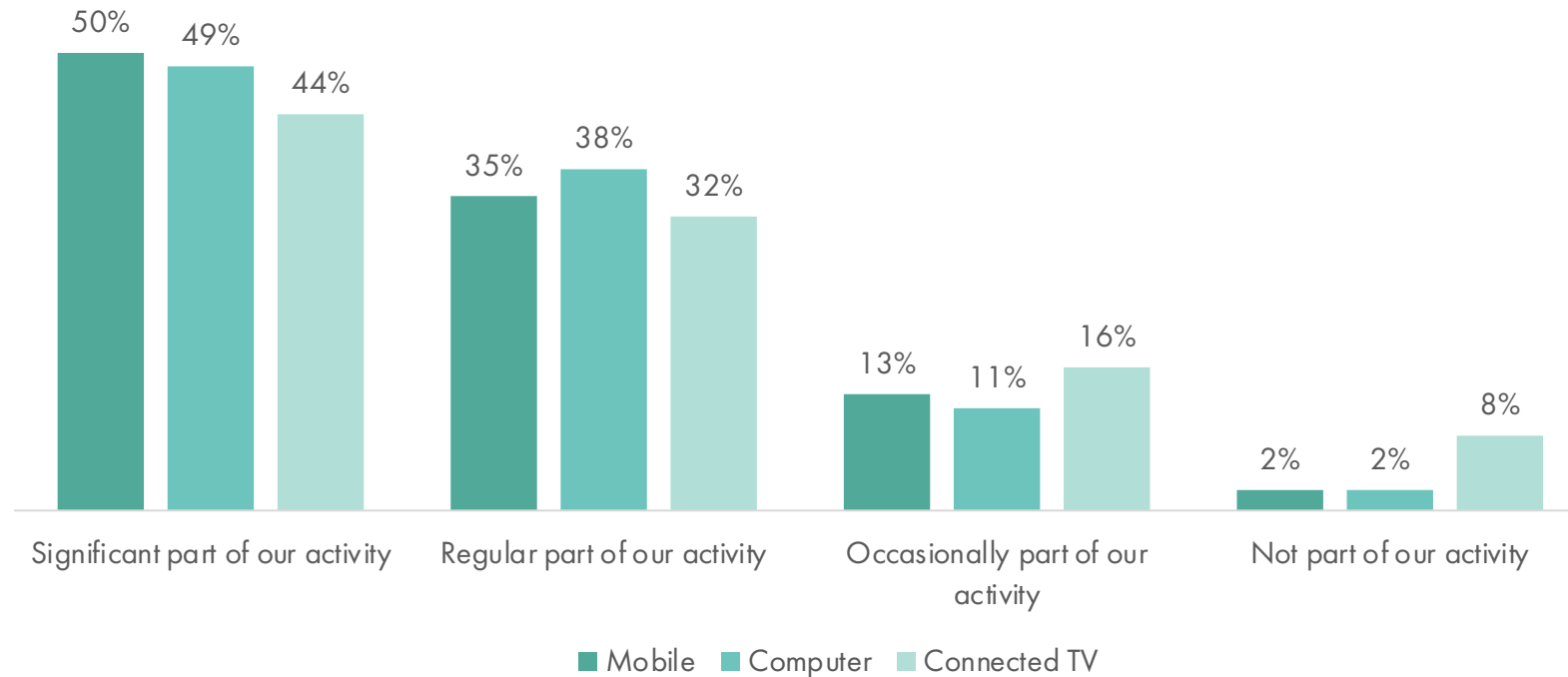
executive summary

- Australian advertisers spent nearly **$3.3 billion on digital video advertising in 2022**. Video ad expenditure increased 12% on year prior, representing 60% of general display advertising. Connected TV yields the greatest share of content publishers' video inventory expenditure, taking share from both mobile and desktop in 2022.

- **Reach, targeting, attention and brand building continue to drive usage** and recommendation of digital video advertising overall. The ability to reach audiences no longer on linear TV is the main reason why advertisers and agencies have digital video on connected TV as a significant or regular part of their activity. However, budget, cost and proving return on investment are key reasons that connected TV is not a more regular part of digital video activity.

- **Brand building is still the dominant objective** for digital video advertising campaigns and agencies are highly satisfied with digital video delivering on brand objectives. However, current economic conditions are influencing agencies objectives of digital video campaigns with a significant increase in the use of digital video on computer and mobile for **increasing purchase intent and increasing sales this year**. Agencies have been more greatly satisfied with the capabilities for driving purchase/action intent for digital video campaigns on computer and mobile.

- **Economic conditions and the impending retirement of third-party cookies have influenced how agencies are assessing digital video campaigns this year.** There is increased focus on measurement tools providing campaign delivery and sales performance results this year. MMM has become an even more important technique this year due to its non-reliance on third-party cookies and its provision of ROI insights. There is also greater focus on assessing brand impact across screens this year, rather than digital only brand lift.

- **Short-form video remains the most often used format.** There has been an increase in the frequency of using shoppable ads and rewarded video.

- Integration of digital video planning and buying with TV and other media activity is increasing, with agencies also understanding the nuances of each environment by **increasingly adjusting creative to suit the different media environments**.

- 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 first-party data signals has significantly increased** 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. CTV viewability standards also offer opportunity for further investment in connected TV advertising.

- Currently there is minimal measurement and usage of carbon emissions data to inform advertising decisions. Many agency respondents have the view that **carbon emissions will become a more prominent metric** but currently there is little clarity on how it works.

most advertisers and agencies have digital video across all screens as a significant or regular part of their activity

Connected TV is a regular or significant part of activity for **76%** of advertisers and agencies.

Most respondents have digital video on mobile **(85%)** and computer **(87%)** as a significant or regular part of activity.

experience buying digital video across screens
amongst all advertisers and agencies

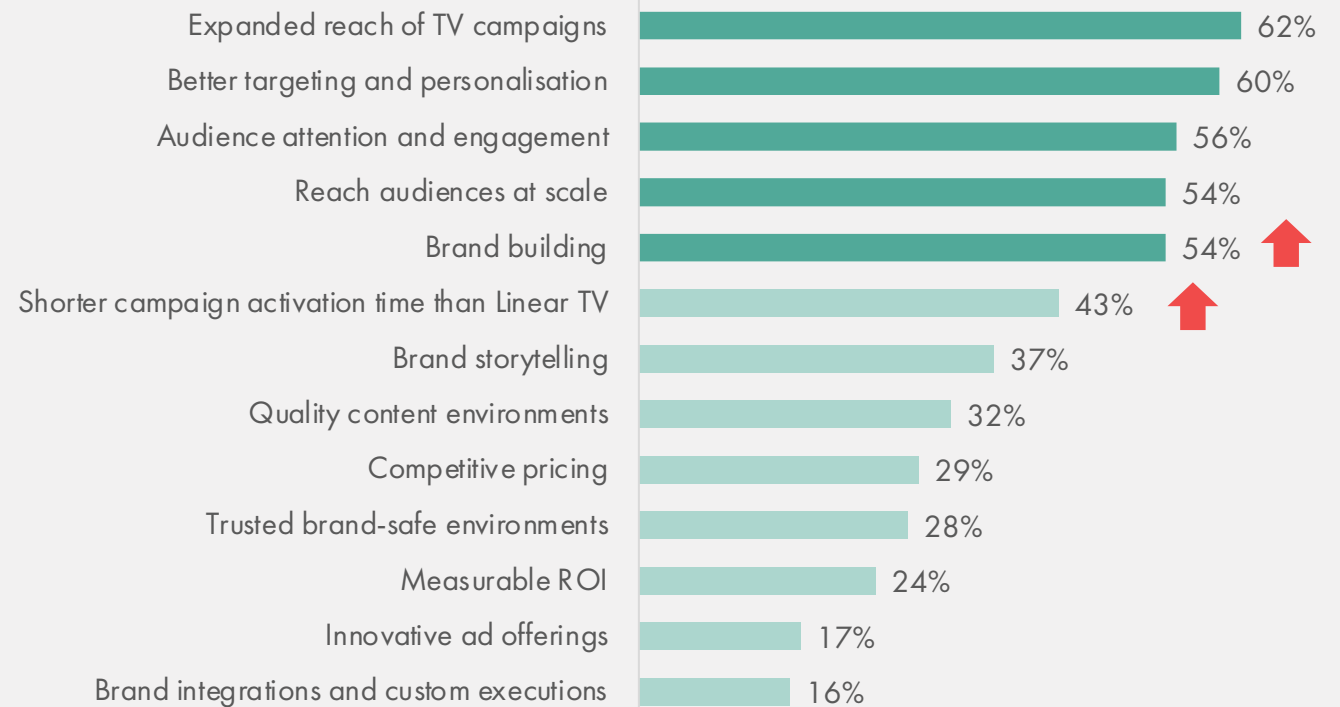|	Mobile	Computer	Connected TV
Significant part of our activity	50%	49%	44%
Regular part of our activity	35%	38%	32%
Occasionally part of our activity	13%	11%	16%
Not part of our activity	2%	2%	8%

■ Mobile ■ Computer ■ Connected TV

reach, targeting, attention and brand building continue to drive usage and recommendation of digital video advertising

Compared to last year, most drivers are slightly weaker, with the exception of brand building (no change on last year), brand story telling **(+3% pts)** and shorter campaign activation time than Linear TV **(+6% pts).**

drivers of continuing digital video ad investment
and recommendation amongst agencies

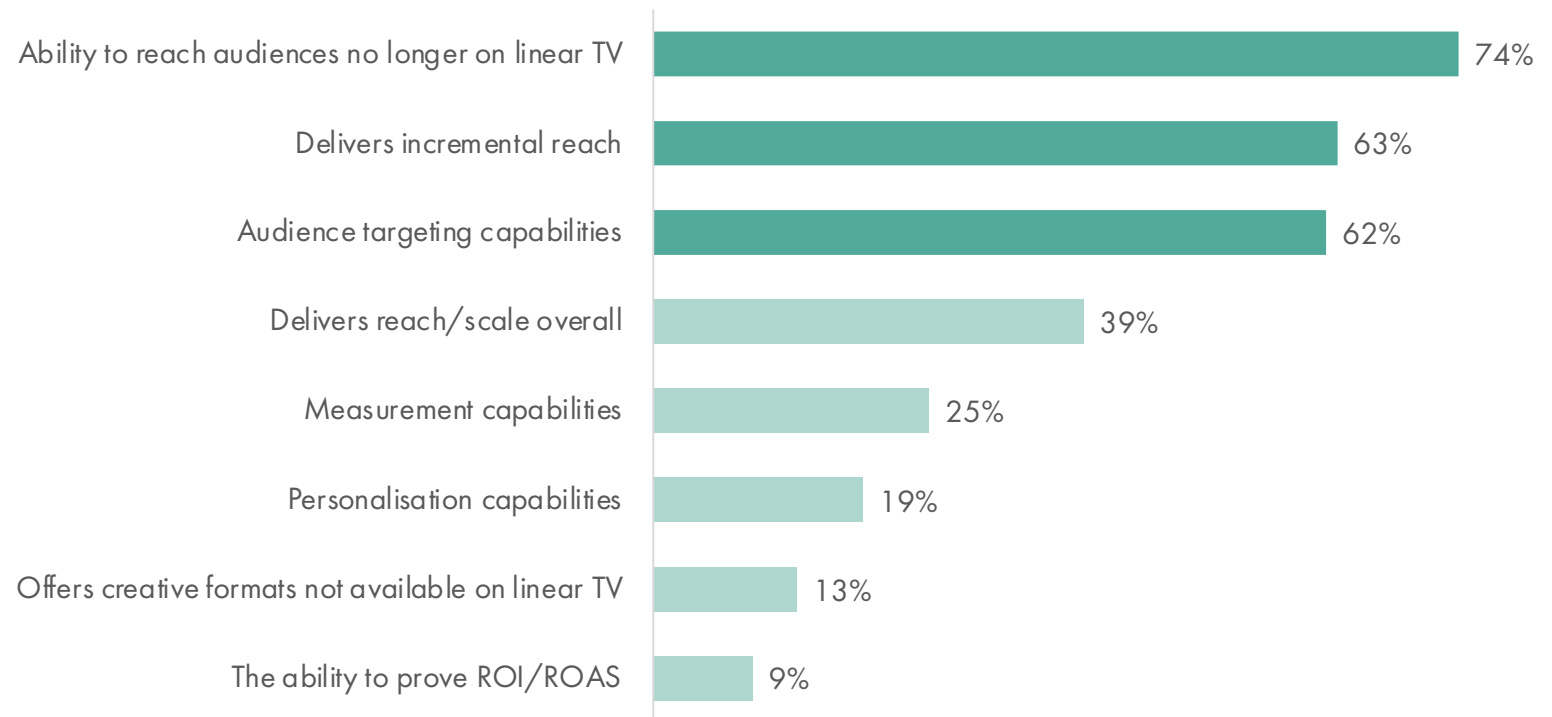| Driver	%
Expanded reach of TV campaigns	62%
Better targeting and personalisation	60%
Audience attention and engagement	56%
Reach audiences at scale	54%
Brand building	54%
Shorter campaign activation time than Linear TV	43%
Brand storytelling	37%
Quality content environments	32%
Competitive pricing	29%
Trusted brand-safe environments	28%
Measurable ROI	24%
Innovative ad offerings	17%
Brand integrations and custom executions	16%

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reach is the reason for regular usage of digital video on connected TV

The ability to reach audiences no longer on linear TV is the main reason why advertisers and agencies have digital video on connected TV as a significant or regular part of their activity.

Incremental reach and audience targeting also significant reasons.

US market: targeting capabilities top reason, followed by reach.

top reasons connected TV is a regular part of activity
amongst advertisers and agencies with connected TV as a significant or regular part of activity

Reason	%
Ability to reach audiences no longer on linear TV	74%
Delivers incremental reach	63%
Audience targeting capabilities	62%
Delivers reach/scale overall	39%
Measurement capabilities	25%
Personalisation capabilities	19%
Offers creative formats not available on linear TV	13%
The ability to prove ROI/ROAS	9%

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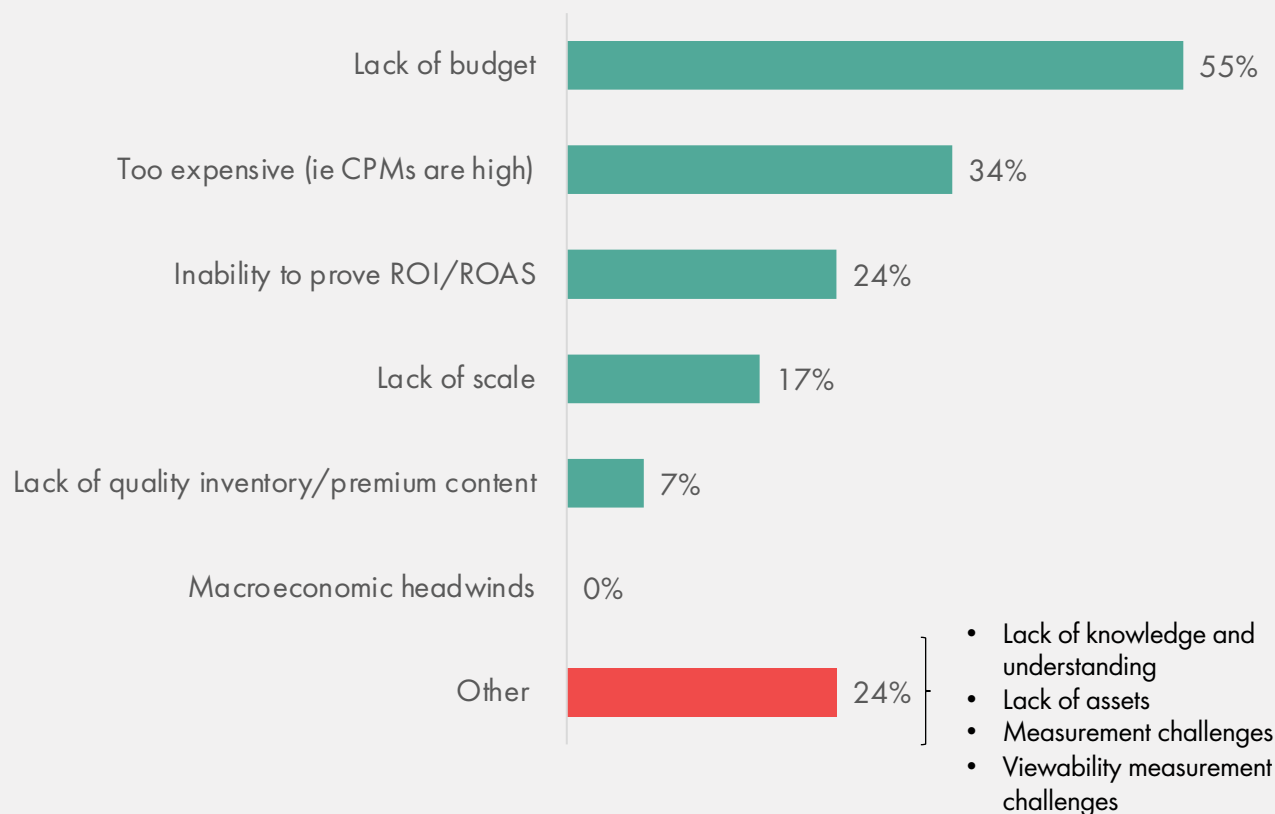# budget and cost preventing more regular usage of digital video on connected TV amongst less frequent users

The primary reasons digital video on connected TV is not a more significant or regular part of activity are budget, cost and proving return on investment.

This seems not related to macroeconomic conditions which was not chosen as a reason for more regular usage of connected TV by any respondents.

US market:
macroeconomic headwinds are the predominant obstacle.

top reasons connected TV is not a more regular part of activity
amongst advertisers and agencies with connected TV as occasional part or not part of activity

Lack of budget	55%
Too expensive (ie CPMs are high)	34%
Inability to prove ROI/ROAS	24%
Lack of scale	17%
Lack of quality inventory/premium content	7%
Macroeconomic headwinds	0%
Other	24%

Other:
- Lack of knowledge and understanding
- Lack of assets
- Measurement challenges
- Viewability measurement challenges

in the US market, dollars flowing into connected TV are primarily coming from budget reallocations

Funding sources for increased CTV spending amongst US buyers increasing CTV spend in 2023

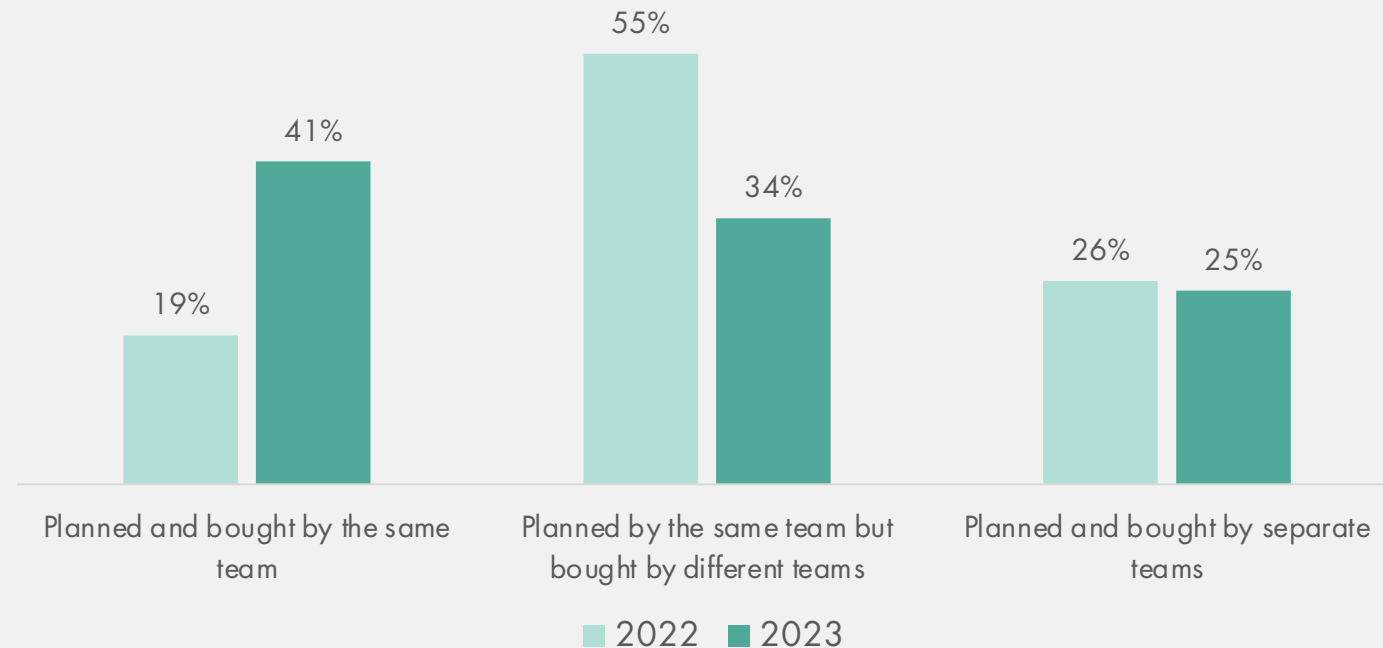| Source	Percentage
Reallocation from linear TV (broadcast/cable)	37%
Reallocation from other types of digital/mobile video	36%
Reallocation from audience-based linear	32%
Reallocation from social media platforms	31%
Reallocation from other types of traditional ads	31%
Overall expansion of advertising budgets	31%
Reallocation from other non-video digital ads	30%

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linear tv and digital video advertising increasingly being planned and bought by the same agency teams

Growth in a screen teams approach means more agencies planning and buying across screens within the same team (up 22% pts on last year).

Three-quarters of agencies (75%) are planning linear TV and digital video together within the same team.

For 59% of agencies linear TV and digital video are bought by different teams, however this has decreased from 81% last year.

agency planning and buying of linear TV and digital video

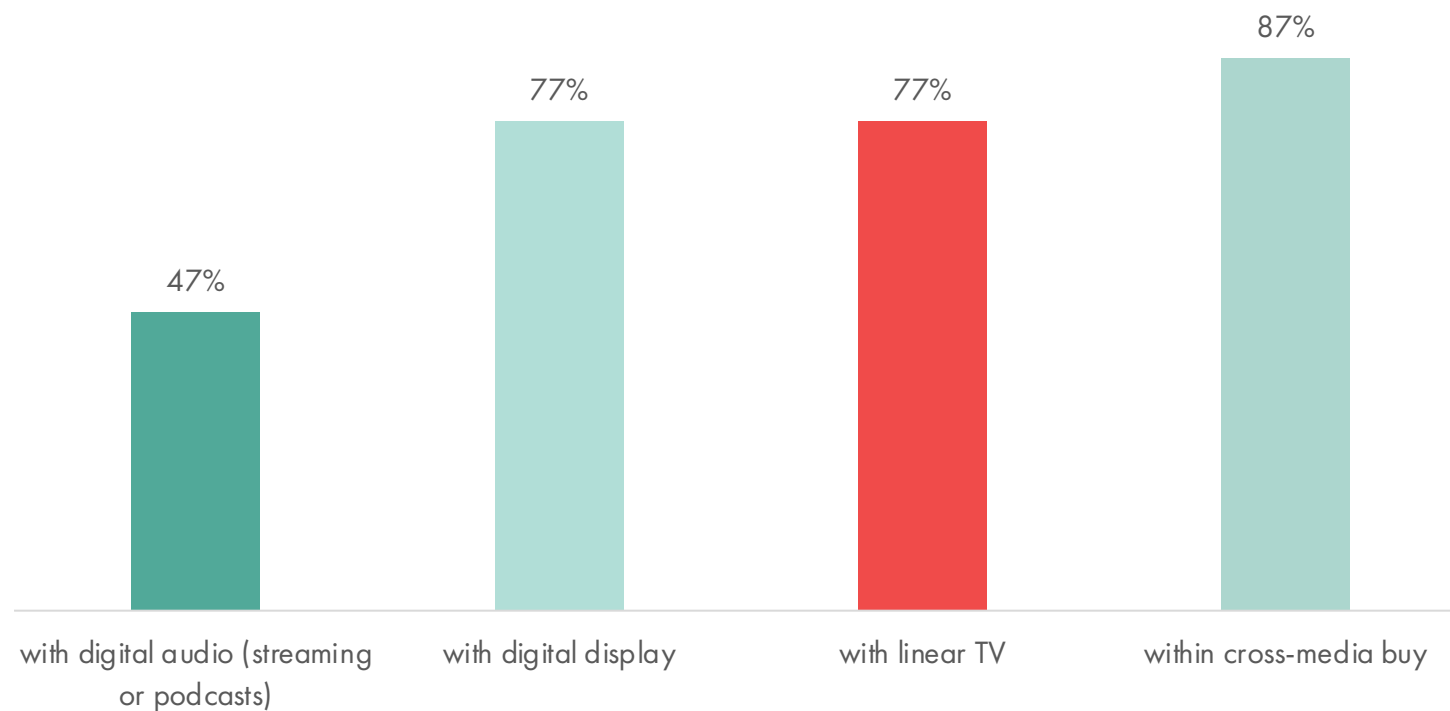|	2022	2023
Planned and bought by the same team	19%	41%
Planned by the same team but bought by different teams	55%	34%
Planned and bought by separate teams	26%	25%

2022 2023

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

Over the last year most agencies have planned and bought digital video collaboratively in a cross-media buy.

High proportion also buying with other digital display and linear TV. This buying activity has not changed from last year.

agency planning and buying digital video collaboratively
with other advertising types always/occasionally

47% — with digital audio (streaming or podcasts)

77% — with digital display

77% — with linear TV

87% — within cross-media buy
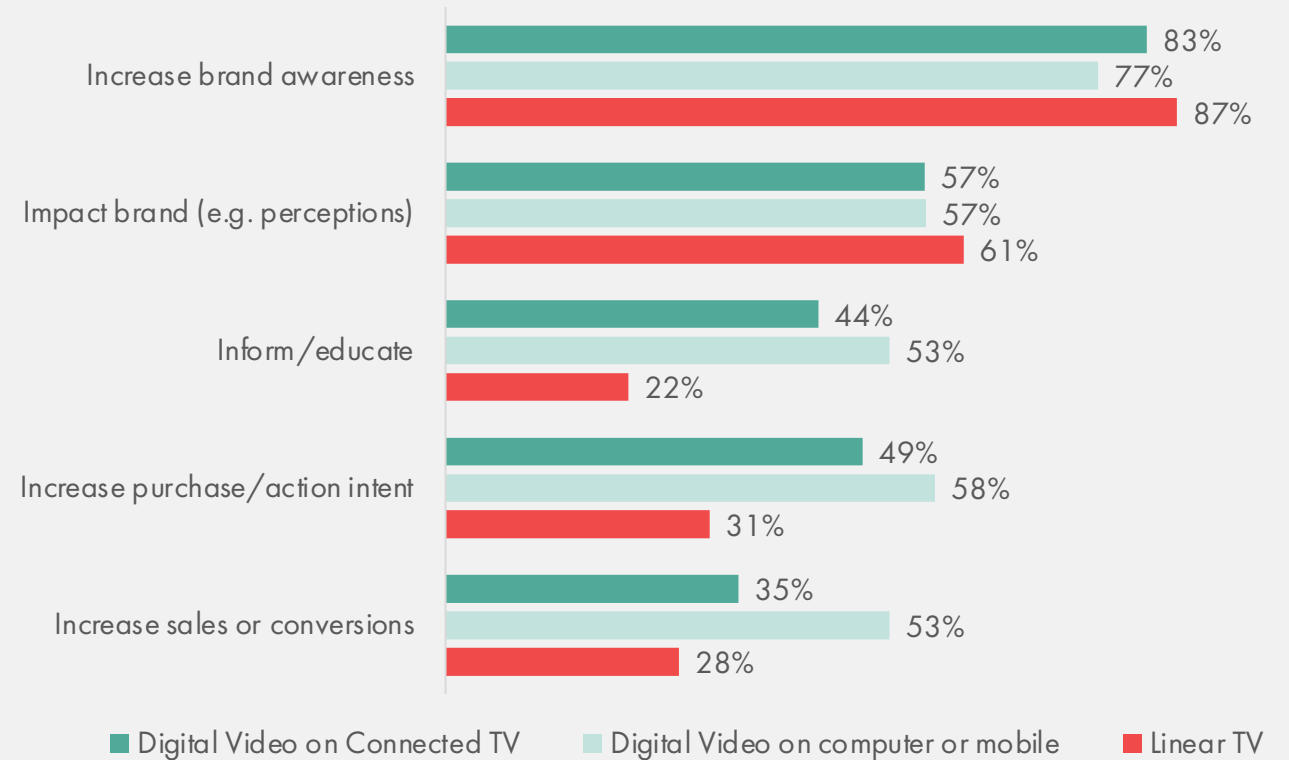
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brand building is still the predominant objective for all digital video

Increasing brand awareness is the predominant objective for all digital video and TV 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 and linear TV

Increase brand awareness
- Digital Video on Connected TV: 83%
- Digital Video on computer or mobile: 77%
- Linear TV: 87%

Impact brand (e.g. perceptions)
- Digital Video on Connected TV: 57%
- Digital Video on computer or mobile: 57%
- Linear TV: 61%

Inform/educate
- Digital Video on Connected TV: 44%
- Digital Video on computer or mobile: 53%
- Linear TV: 22%

Increase purchase/action intent
- Digital Video on Connected TV: 49%
- Digital Video on computer or mobile: 58%
- Linear TV: 31%

Increase sales or conversions
- Digital Video on Connected TV: 35%
- Digital Video on computer or mobile: 53%
- Linear TV: 28%

■ Digital Video on Connected TV   ■ Digital Video on computer or mobile   ■ Linear TV
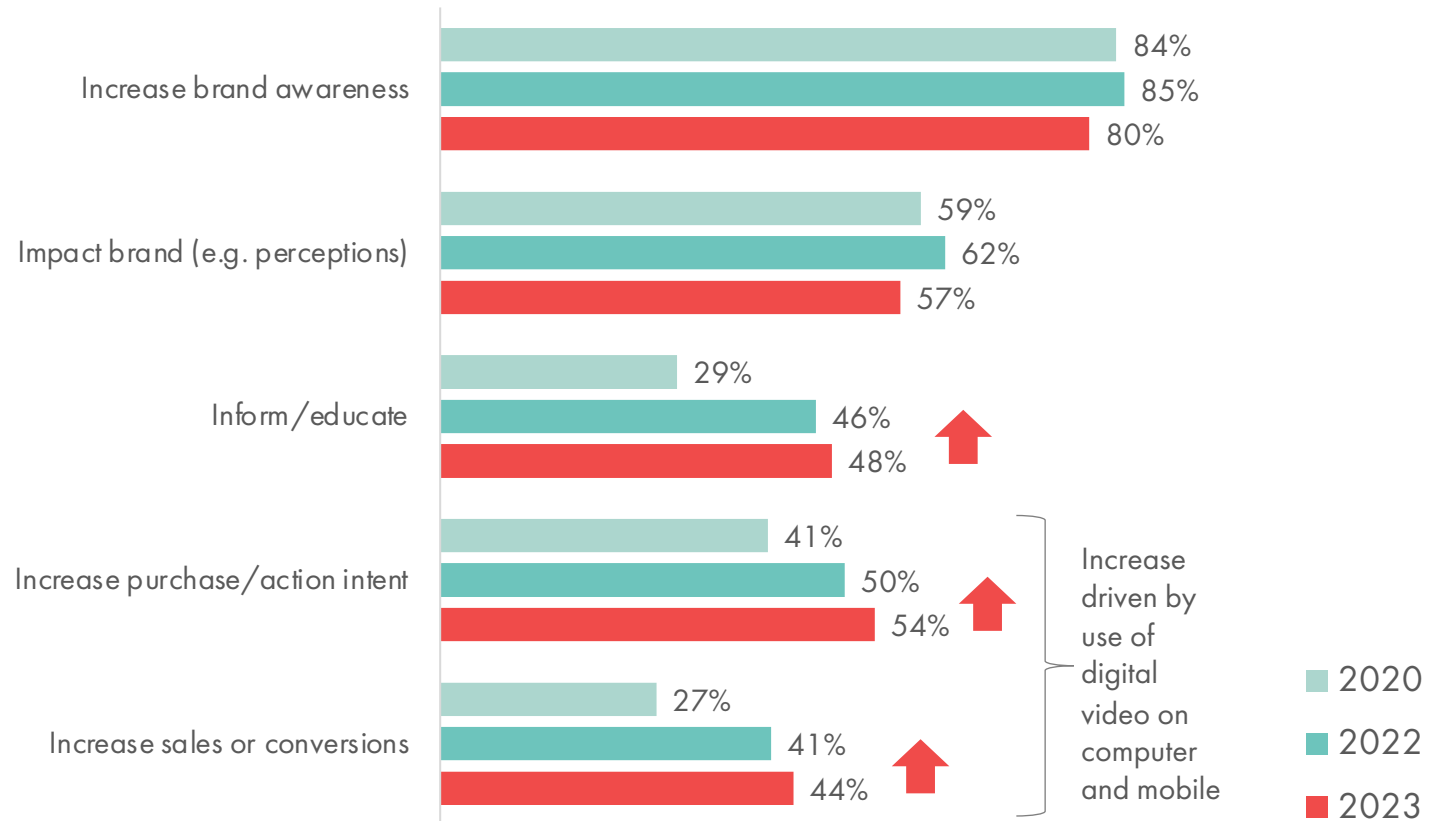
agencies continue to use digital video for multiple objectives across the marketing funnel

agency objectives for digital video across mobile, computer and connected TV

This year there has been significant increase in the use of digital video on computer and mobile for increasing purchase intent (up 6% pts on last year) and increasing sales (up 10% pts on last year).
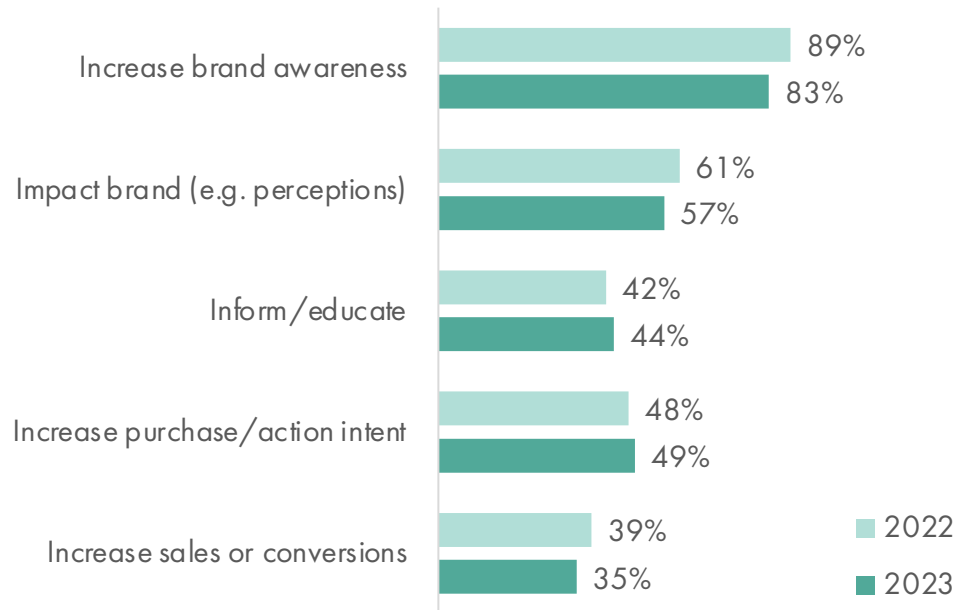
These changes are reflective of the current economic market driving focus on short-term sales.

Increase brand awareness
- 2020: 84%
- 2022: 85%
- 2023: 80%

Impact brand (e.g. perceptions)
- 2020: 59%
- 2022: 62%
- 2023: 57%

Inform/educate
- 2020: 29%
- 2022: 46%
- 2023: 48%

Increase purchase/action intent
- 2020: 41%
- 2022: 50%
- 2023: 54%

Increase sales or conversions
- 2020: 27%
- 2022: 41%
- 2023: 44%

Increase driven by use of digital video on computer and mobile

■ 2020
■ 2022
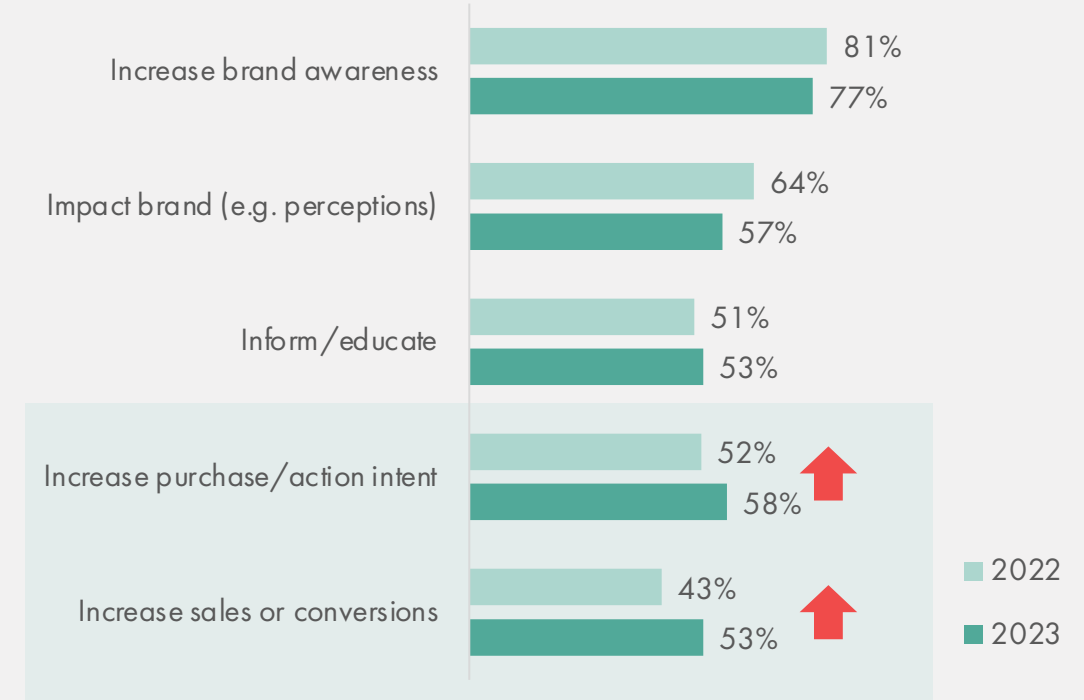■ 2023

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agencies significantly increased the use of digital video on computer and mobile for lower funnel objectives this year

agency objectives for digital video on connected TV

Objective	2022	2023
Increase brand awareness	89%	83%
Impact brand (e.g. perceptions)	61%	57%
Inform/educate	42%	44%
Increase purchase/action intent	48%	49%
Increase sales or conversions	39%	35%

agency objectives for digital video on mobile and computer

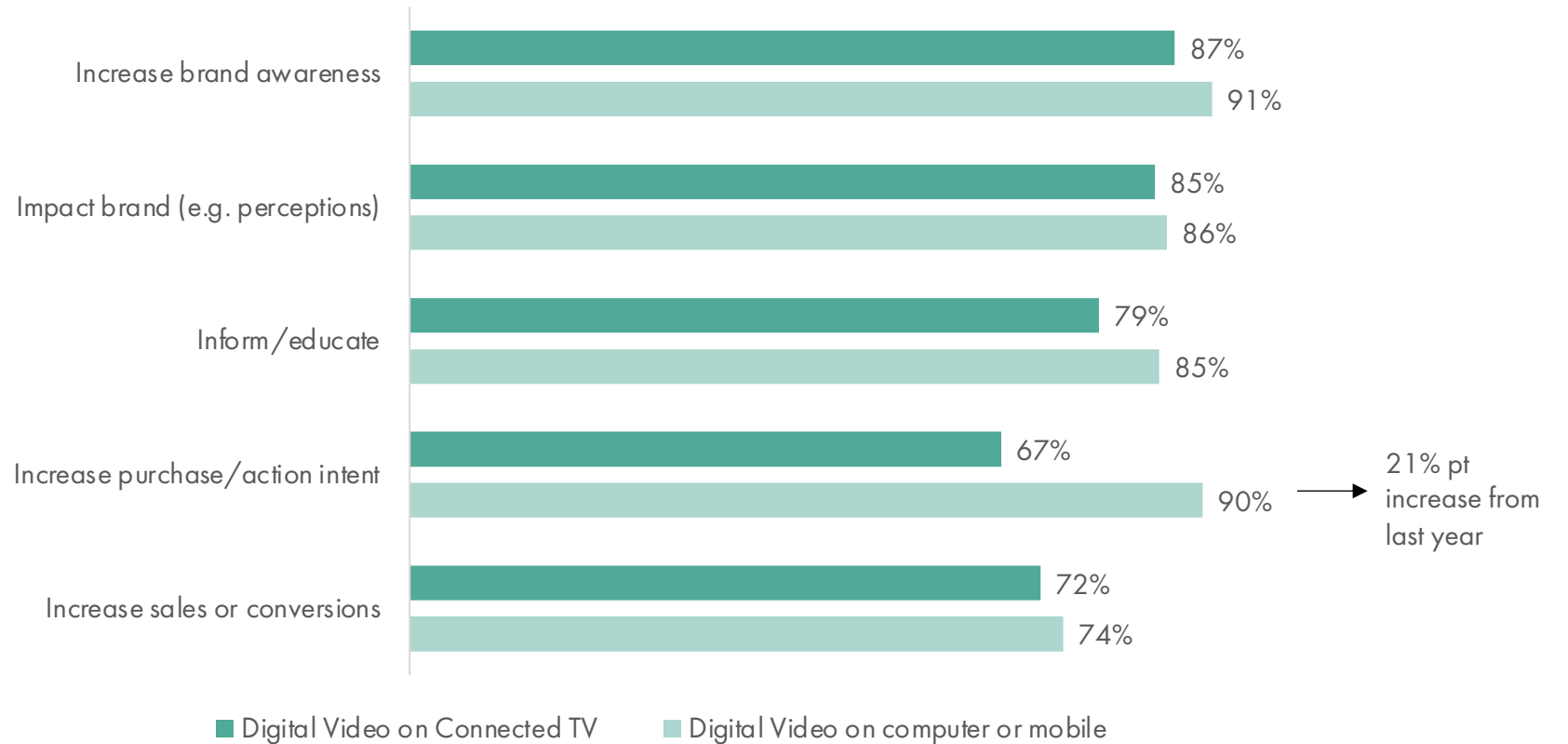| Objective	2022	2023
Increase brand awareness	81%	77%
Impact brand (e.g. perceptions)	64%	57%
Inform/educate	51%	53%
Increase purchase/action intent	52%	58%
Increase sales or conversions	43%	53%

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high satisfaction with digital video advertising across the range of objectives

9 in 10 agencies using digital video for the predominant objective of increasing brand awareness were satisfied with campaign results.

Agency satisfaction for campaigns with purchase intent objective was particularly high this year, driven by satisfaction with digital video on computer or mobile.

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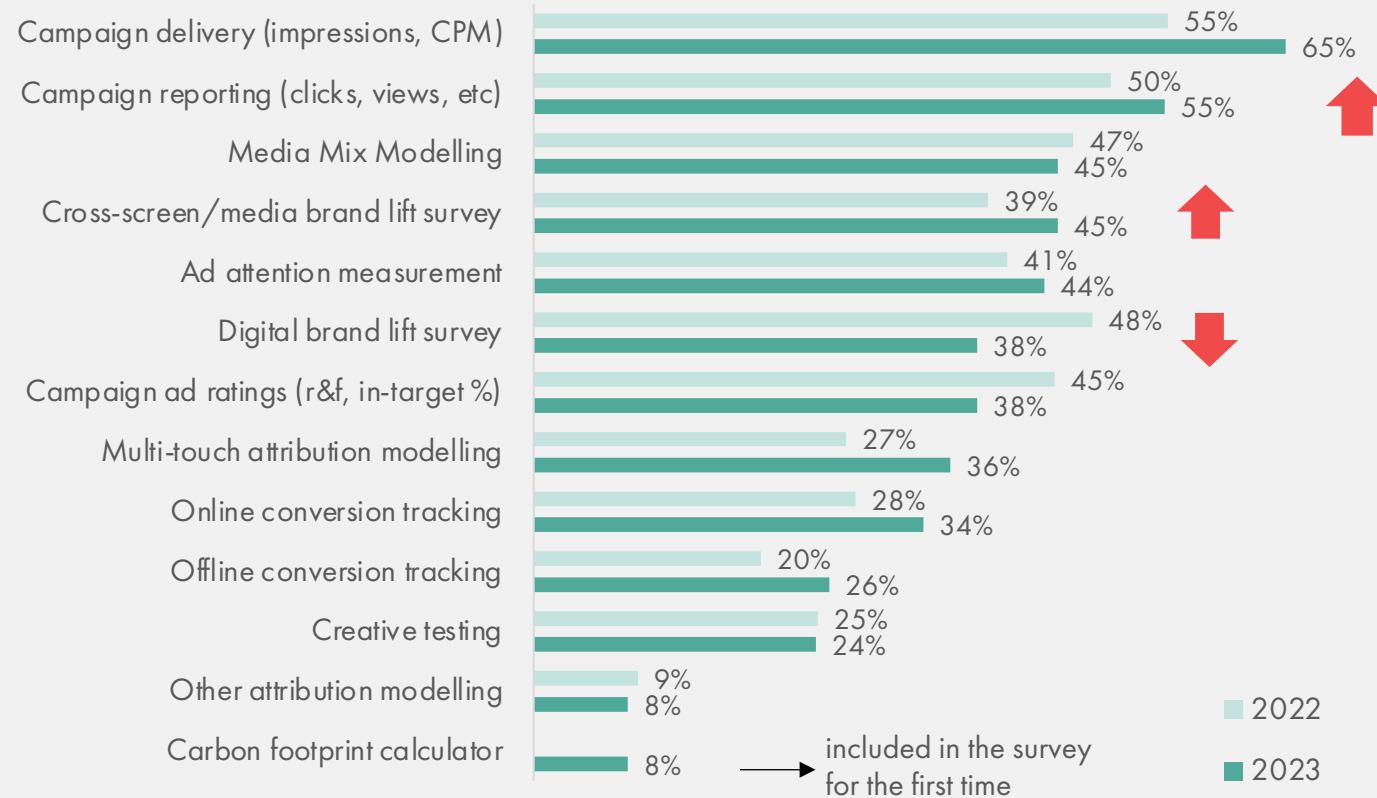amongst agencies using digital video for the objective

Increase brand awareness: 87% / 91%
Impact brand (e.g. perceptions): 85% / 86%
Inform/educate: 79% / 85%
Increase purchase/action intent: 67% / 90% — 21% pt increase from last year
Increase sales or conversions: 72% / 74%

■ Digital Video on Connected TV   ■ Digital Video on computer or mobile

measurement tools providing sales and ROI insights more important this year

In the current economic climate, there is increased focus on measurement tools providing campaign delivery and sales results.

MMM has increased from 32% in 2021 and has this year become the third most important technique due to its cookie non-reliance and provision of ROI insights.

With the slight decline in usage of digital video for branding, the importance of digital brand lift surveys has declined, however the use of cross-screen brand lift surveys has increased.

important measurement tools for agencies assessing
digital video effectiveness

Tool	2022	2023
Campaign delivery (impressions, CPM)	55%	65%
Campaign reporting (clicks, views, etc)	50%	55%
Media Mix Modelling	47%	45%
Cross-screen/media brand lift survey	39%	45%
Ad attention measurement	41%	44%
Digital brand lift survey	48%	38%
Campaign ad ratings (r&f, in-target %)	45%	38%
Multi-touch attribution modelling	27%	36%
Online conversion tracking	28%	34%
Offline conversion tracking	20%	26%
Creative testing	25%	24%
Other attribution modelling	9%	8%
Carbon footprint calculator		8%

Carbon footprint calculator → included in the survey for the first time

■ 2022
■ 2023

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measurement tools providing sales and ROI insights more important this year
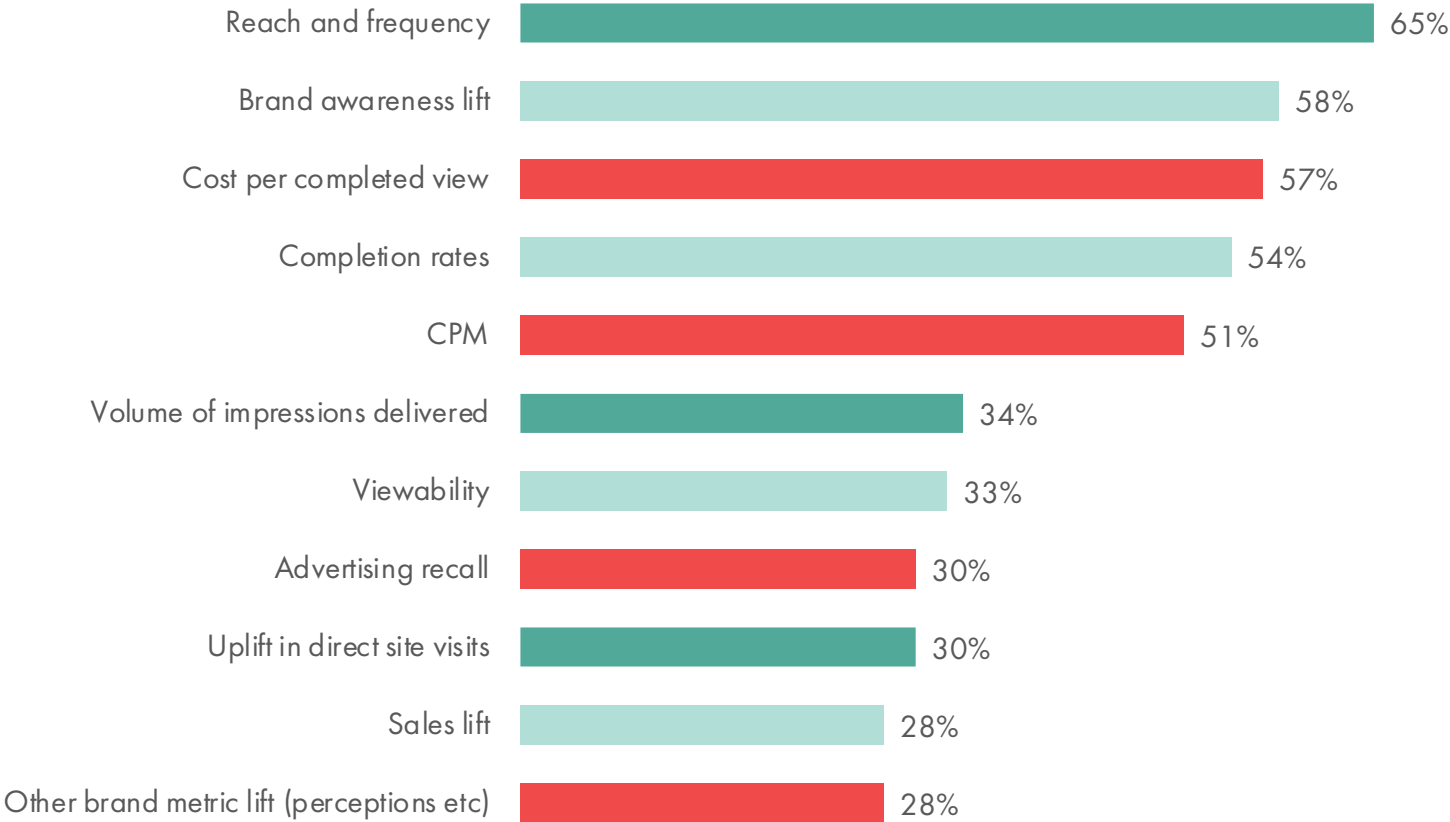
The campaign delivery metric, reach and frequency remains the most used key performance indicator for digital video advertising success this year.

This metric demonstrates 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.

While there was a drop in the importance of brand lift surveys to agencies this year, brand lift still remains a key performance indicator of success (becoming more used than cost and completion rates this year).

top 10 key performance indicators used to assess digital video advertising

KPI	%
Reach and frequency	65%
Brand awareness lift	58%
Cost per completed view	57%
Completion rates	54%
CPM	51%
Volume of impressions delivered	34%
Viewability	33%
Advertising recall	30%
Uplift in direct site visits	30%
Sales lift	28%
Other brand metric lift (perceptions etc)	28%

25% of Australian agencies are using ad attention metrics to assess video campaign success, with higher usage in the US market
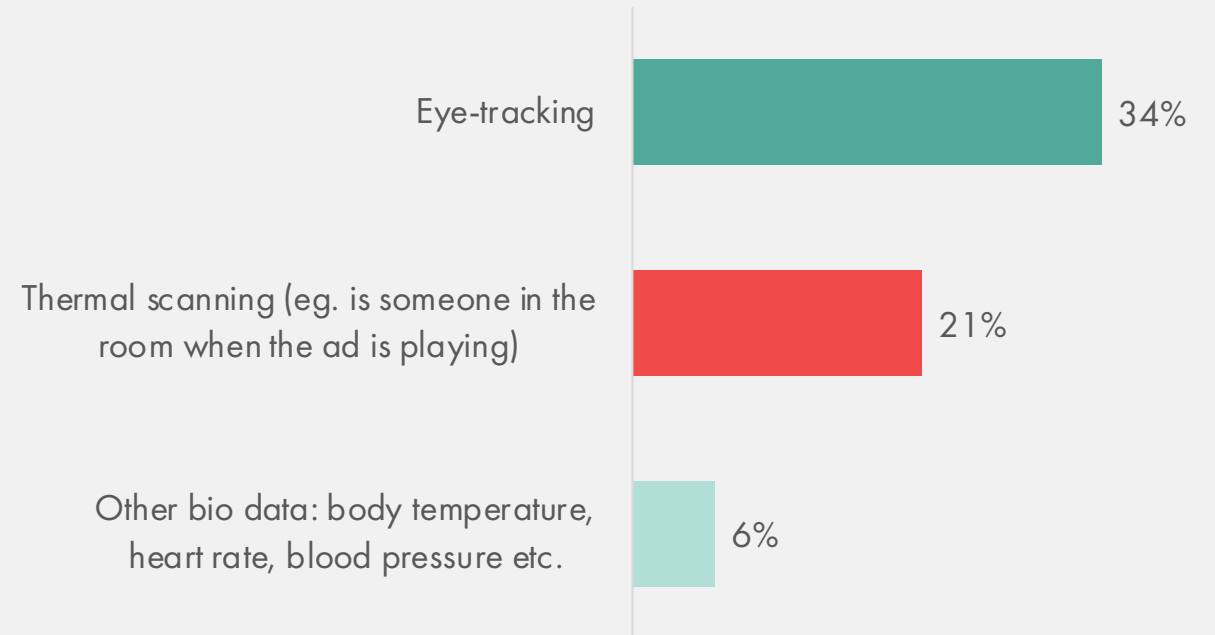
In the **US market, half (51%) of TV/video buyers are applying biometric-based attention metrics**, the most sophisticated of approaches to attention.

The biometric attention metric most used is eye-tracking.

% US TV/video ad buyers using biometric attention metrics for measurement in TV/video campaigns

- Eye-tracking — 34%
- Thermal scanning (eg. is someone in the room when the ad is playing) — 21%
- Other bio data: body temperature, heart rate, blood pressure etc. — 6%

currently only 8% of agencies think a carbon footprint calculator is an important measurement tool

...many have the view carbon emissions will become a more prominent hygiene metric but currently there is little clarity on how it works.

"Carbon emissions are very much in focus for us as an agency, and we are analysing data and beginning discussions on how to use this to select our trading partners, and our product development pipeline."

"It will become a more common place verification metric"

"It will definitely become more prominent in the next two years as we start to talk about the massive energy and environmental costs attached to processing power and cloud storage."

"I think it will become more prevalent, at the moment it's a bit of a buzz word that we get asked for a POV on, but I think as more and more clients publicise their adoption of emission lowering approaches, other big brands will follow suit."

"I think for some it will be a metric that is reported on and for others it will inform publisher and optimisation decisions for campaigns."

"An increasing area of consideration. We have a role to play in educating our clients on the importance of reducing our CO2 footprint, and there is a lot of wastage; particular in Programmatic."

"It will become a more critical part in any buy, when overlaid with specific campaign performance data."

"Hopefully elevated and easier to find and compare between vendors"

"I would love to understand this further, we work primarily in the digital space so not sure how this would affect our advertising decisions."
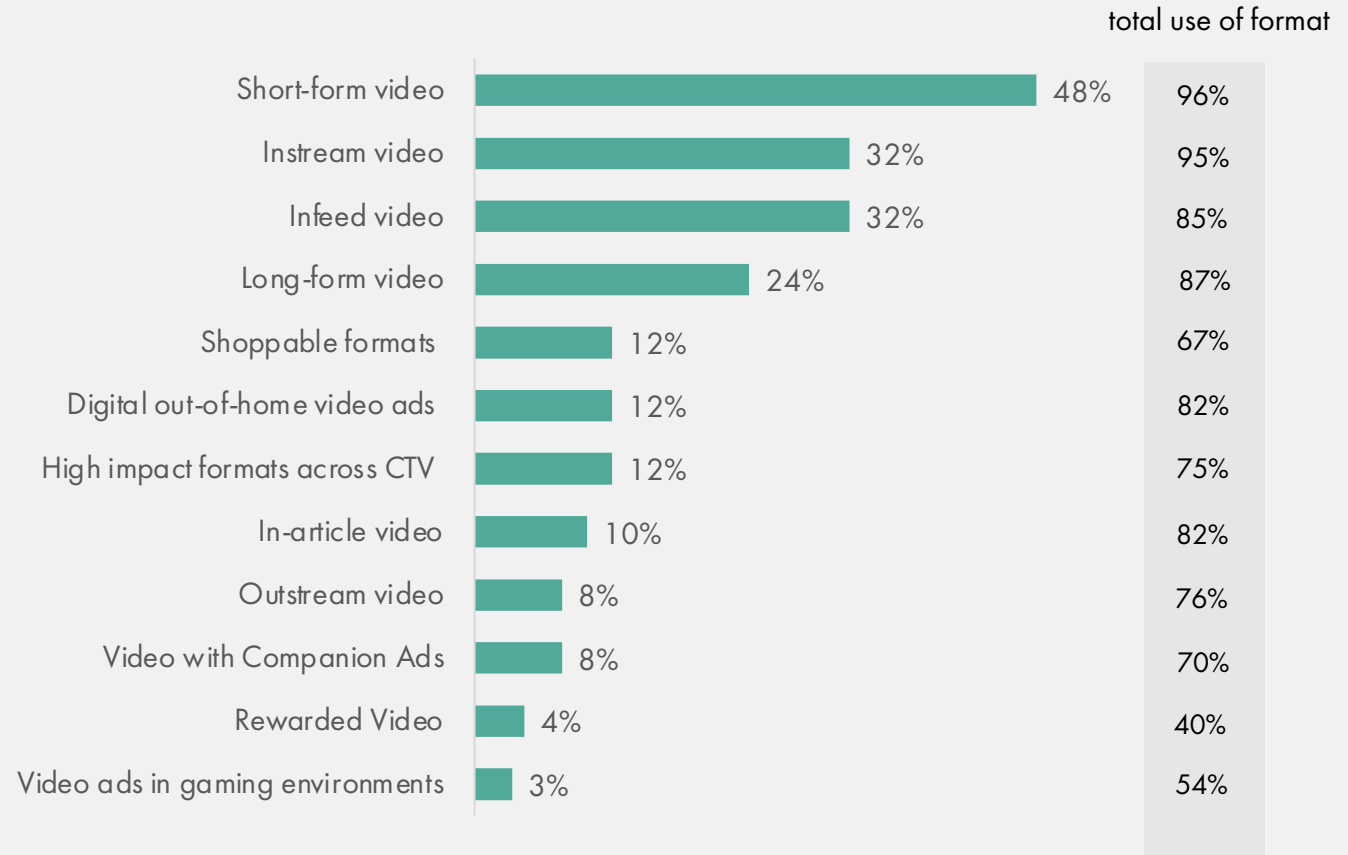
"I'm not sure how it will work."

"It will grow, but it will be beyond the client's understanding and sales and $$ will continue to trump environmental footprint in this commercial world we live in."

short-form video continues to be the most used 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 (96%) with half (48%) always using this format.

6 in 10 agencies had also used digital video retail media formats, as a regularly part of activity for 20%.

video formats used most often ('always')

total use of format

Format	Always	Total use of format
Short-form video	48%	96%
Instream video	32%	95%
Infeed video	32%	85%
Long-form video	24%	87%
Shoppable formats	12%	67%
Digital out-of-home video ads	12%	82%
High impact formats across CTV	12%	75%
In-article video	10%	82%
Outstream video	8%	76%
Video with Companion Ads	8%	70%
Rewarded Video	4%	40%
Video ads in gaming environments	3%	54%

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there has been an increase in agencies tailoring creative to the media environment for optimal effectiveness

adjust creative to media environment

60% of agencies always or occasionally develop creative executions for digital video advertising campaign for the particular media environment (up from 54% last year).

Never, 16%

Always, 14%

Rarely, 24%
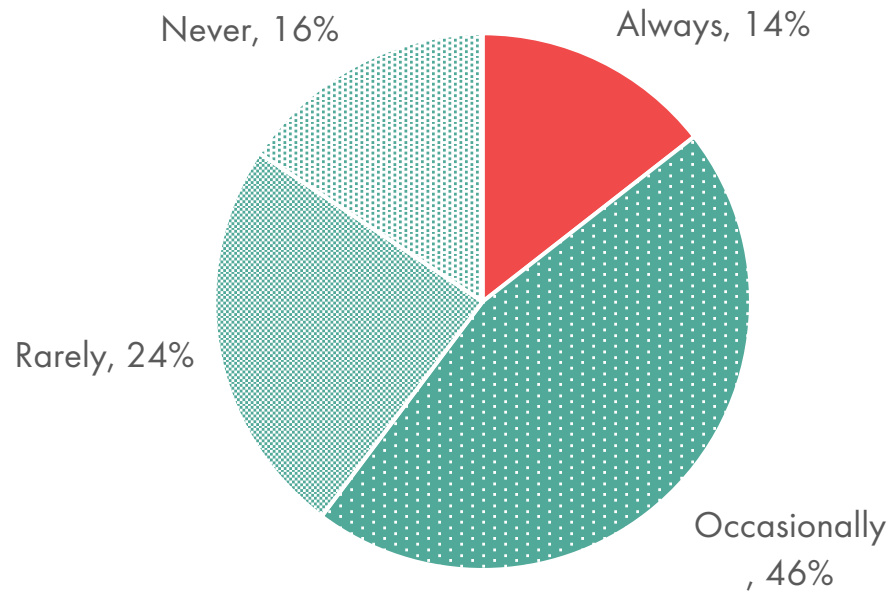
Occasionally, 46%

adjust creative to target segments

53% of agencies always or occasionally develop creative executions for digital video advertising campaign for the particular target segment (up from 47% last year).

Never, 13%

Always, 12%

Rarely, 34%
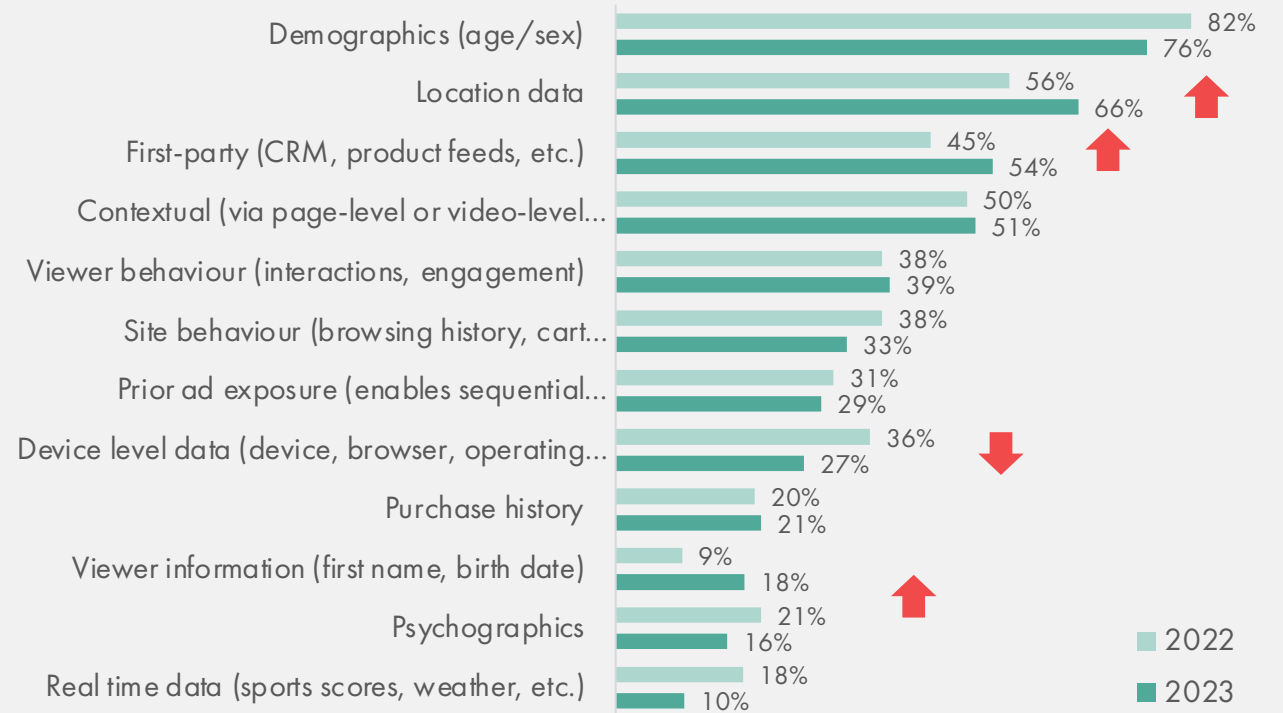
Occasionally, 41%

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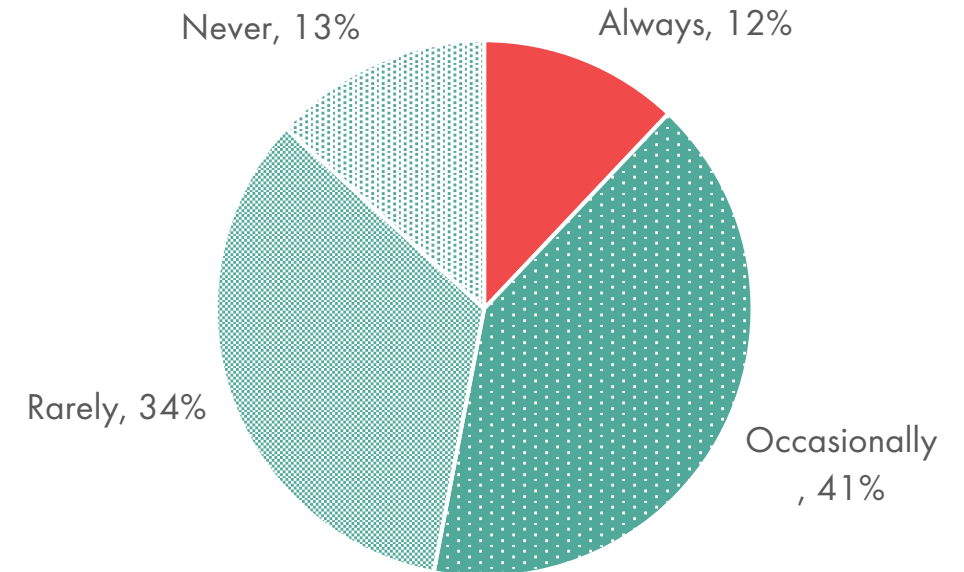
increasing usage of first-party data signals for targeting and creative

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.

In preparation for third-party cookie retirement and signal loss, agencies have increased reliance on first-party data signals.

data signals being used by agencies for targeting and creative

Data signal	2022	2023
Demographics (age/sex)	82%	76%
Location data	56%	66%
First-party (CRM, product feeds, etc.)	45%	54%
Contextual (via page-level or video-level...	50%	51%
Viewer behaviour (interactions, engagement)	38%	39%
Site behaviour (browsing history, cart...	38%	33%
Prior ad exposure (enables sequential...	31%	29%
Device level data (device, browser, operating...	36%	27%
Purchase history	20%	21%
Viewer information (first name, birth date)	9%	18%
Psychographics	21%	16%
Real time data (sports scores, weather, etc.)	18%	10%

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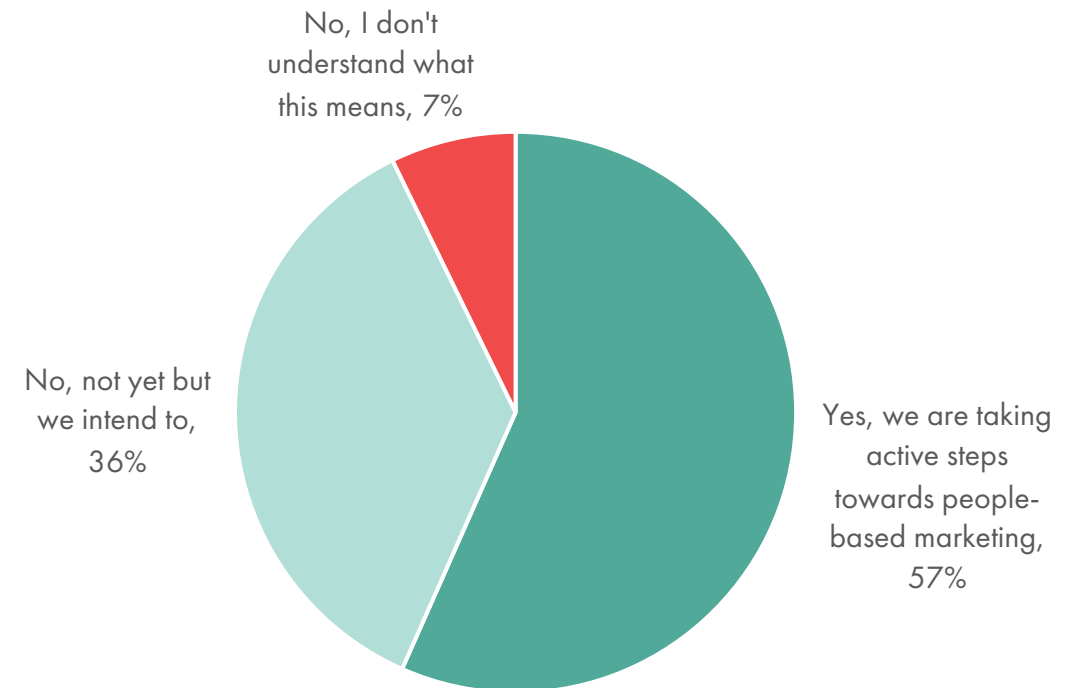# ... however, more preparation for third-party cookie retirement is required

36% of agencies report they are not yet making preparations 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.

Shifting timelines for cookie retirement could have contributed to a slight decline in the proportion of agencies taking active steps this year, with a slight increase in intention to do so.

agency preparations for third-party cookie retirement

No, I don't understand what this means, 7%

No, not yet but we intend to, 36%

Yes, we are taking active steps towards people-based marketing, 57%

the measurement challenge

Top 3 challenges preventing more brand investment in Digital Video advertising (on Connected TV, computer or mobile).

1. Difficulties in measuring the attribution of video media touchpoints to campaign effectiveness

2. Lack of standardised campaign reach and frequency metrics across screens

3. Lack of tools to carry out cross-screen/media planning

"Increase the ability to measure de-duplicated reach so that agencies can buy cross-media buys including digital video with better holistic result tracking."

"Measurement solutions that mix currencies and newer methods."

"Improved transparency on attribution models and how they tie into client's businesses."

"'The industry should focus on developing more sophisticated, standardized metrics and data analytics frameworks that not only measure views but also assess engagement and the overall effectiveness of the digital video. "
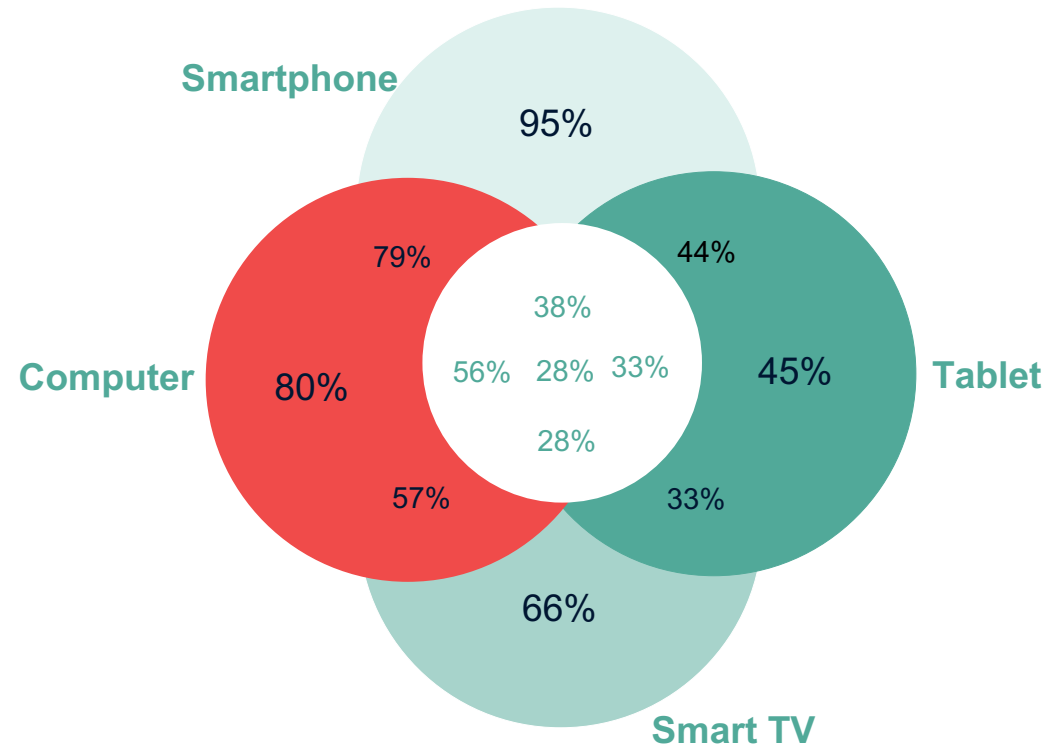
connected TV audience currency integration into Ipsos iris coming soon!

Ipsos iris: Australia's new IAB endorsed digital audience measurement currency.

Available later this year, CTV integration from a data partnership with OzTAM and YouTube will provide total (unduplicated) digital audience currency data for media planning across CTV, Smartphone, Tablet and Computer.

**overlap in devices for personal use
Source; Ipsos iris establishment survey**

Smartphone 95%

44%

Computer 80%

79%

38%

56% 28% 33%

28%

45% Tablet

33%

57%

66%

Smart TV

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cross-screen measurement, greater transparency, quality creative and formats, and proof of efficacy will promote a stronger role for digital video in the media mix….

"We need to take more risks with creative and develop better quality video to enable this platform to perform to the best of it's ability and create an impact. Video really has the power to drive attention like no other media and it's up to us as agencies"

"The most invaluable thing the industry needs to achieve, is to align screen measurement tools, to provide agencies and clients a clear understanding of how each medium contributes to the overall goals/client KPI's/sales through the marketing funnel. "

"Make creating videos easier/more cost efficient so we can create more of them for our clients - simple as that."

"I think there is opportunity for new video formats, i.e. going beyond the MREC and instream units. For example, providers such as SeenThis offering video formats within standard display units. This gives advertisers an opportunity to gain higher attention."

"Clearly demonstrate it's contribution to other channels and formats that currently take full credit for short term impact on sales. Quantify the priming contribution today, to the sales of tomorrow."

"Continue to move toward greater transparency across in digital video buys. e.g. CTV partners passing back content data in programmatic buys and being more upfront in their reach and audience numbers."

"From a long-form perspective, we need to reach the point of being able to sell 'Total TV' to our clients. This means alignment from a pricing and performance perspective within the total channel. "

"The video landscape is a growing, and highly necessary environment - however, it is clouded with uncertainty, particularly around how it delivers overall business success. The Industry needs to be able to concisely demonstrate the true value of Video."

"I think there needs to be greater focus on video outside of premium long form content or social - outstream video is where a lot of untapped potential lies especially for utilisation of 1PD for scale."

"Bring greater transparency to the targeting data behind it. That enables brands to place particular buys in the most relevant places in the consumer journey."

"I think driving CTV viewability standards & measurement would help bring CTV up to parity to viewability standards as per others online video ad formats/devices"

"Showcase ads built specifically for digital that were also able to achieve strong sales results (not just proxy/engagement metrics)."
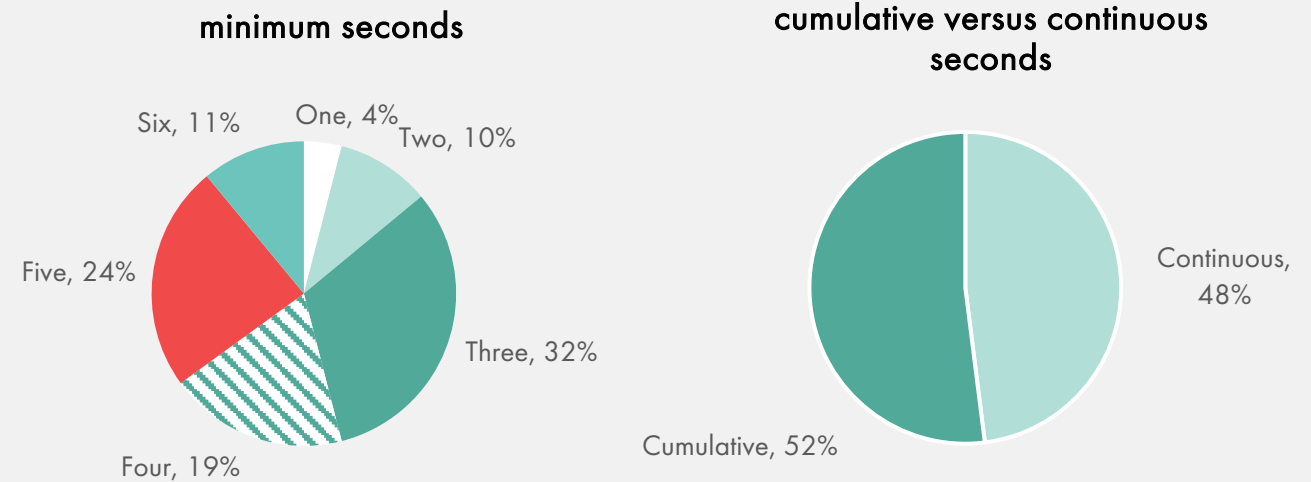
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the challenge of consensus in defining viewability standards

Viewability standards are seen as an opportunity for a stronger role for CTV.
IAB US research shows how buyers differ on viewability requirements.

"I think driving CTV viewability standards and measurement would help bring CTV up to parity to viewability standards as per others online video ad formats/devices"
– Australian agency respondent

US advertising decision makers
viewability measurement requirements

minimum seconds

Six, 11%
One, 4%
Two, 10%
Five, 24%
Three, 32%
Four, 19%

cumulative versus continuous seconds

Continuous, 48%
Cumulative, 52%

further resources

topic q&a with chair

video advertising q&a

vikki pearce
head of digital (vic + qld)
zenith

luke smith
head of programmatic sales &
audiences | digital sales - melbourne
seven west media

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bvod | svod/avod | short form editorial

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2022

use of *data* in **connected tv.**

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om sdk for ctv

a local industry perspective

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