

UNITED STATES

# The Industry Pulse Report:

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**A look into the digital media industry  
of today and tomorrow.**

We take a look at the trends, challenges, and technologies that will propel the digital ecosystem into the new frontier of advertising. Our goal was to discover how industry professionals perceived transparency and innovation in 2019, and the resulting impact it will have on their marketing trajectories in the upcoming year.

We invite you to explore our findings.



## Who took part?

### Dates in field:

11/06/19 – 12/02/19

### Sample:

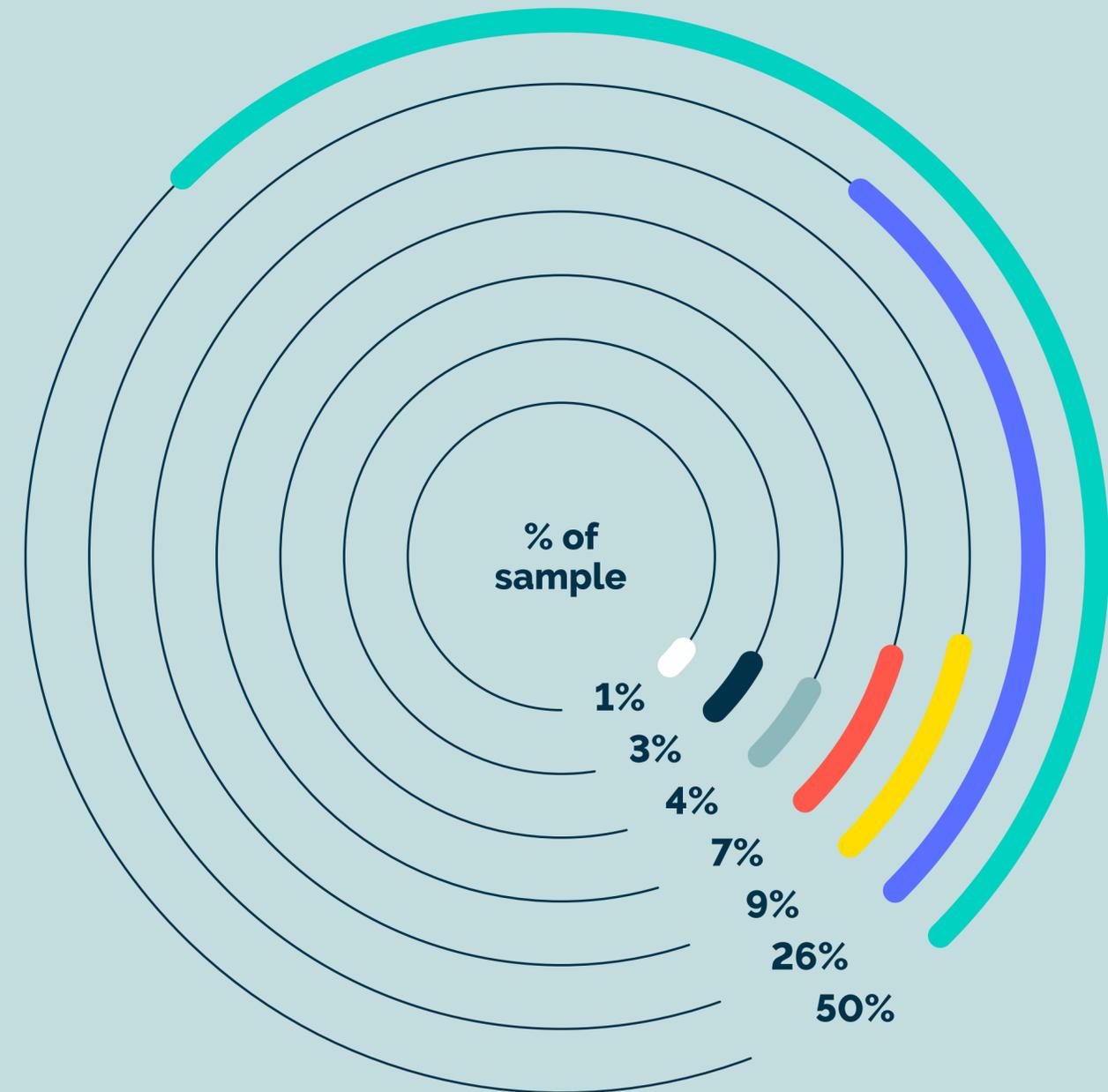
416 digital media professionals

### Methodology:

Online survey of IAS database

### Sample breakout:

- Agency
- Publisher
- Advertiser / Brand
- Demand Side Platform
- Ad Network / Ad Exchange
- Supply Side Platform
- Trading Desk



# The digital world of tomorrow

Advancing today's digital channels in a new decade

**Mobile & video**

**Programmatic**

**Social**



## The upcoming year will see robust ad spending growth across channels

Digital ad spending in the top four industry priorities will expand at robust double-digit annual rates in 2020. Although connected TV ranked fourth in absolute expenditure at \$6.94 billion in 2019, a 28% year-over-year expansion will also make it the fastest-growing opportunity in 2020.

U.S. Digital Ad Spend on Select Channels (Billions)	2019	2020	YOY Change
Digital video	\$34.57	\$41.76	20.8%
Mobile	\$52.83	\$63.51	20.2%
Social	\$36.14	\$43.53	20.5%
Connected TV	\$6.94	\$8.88	28.0%

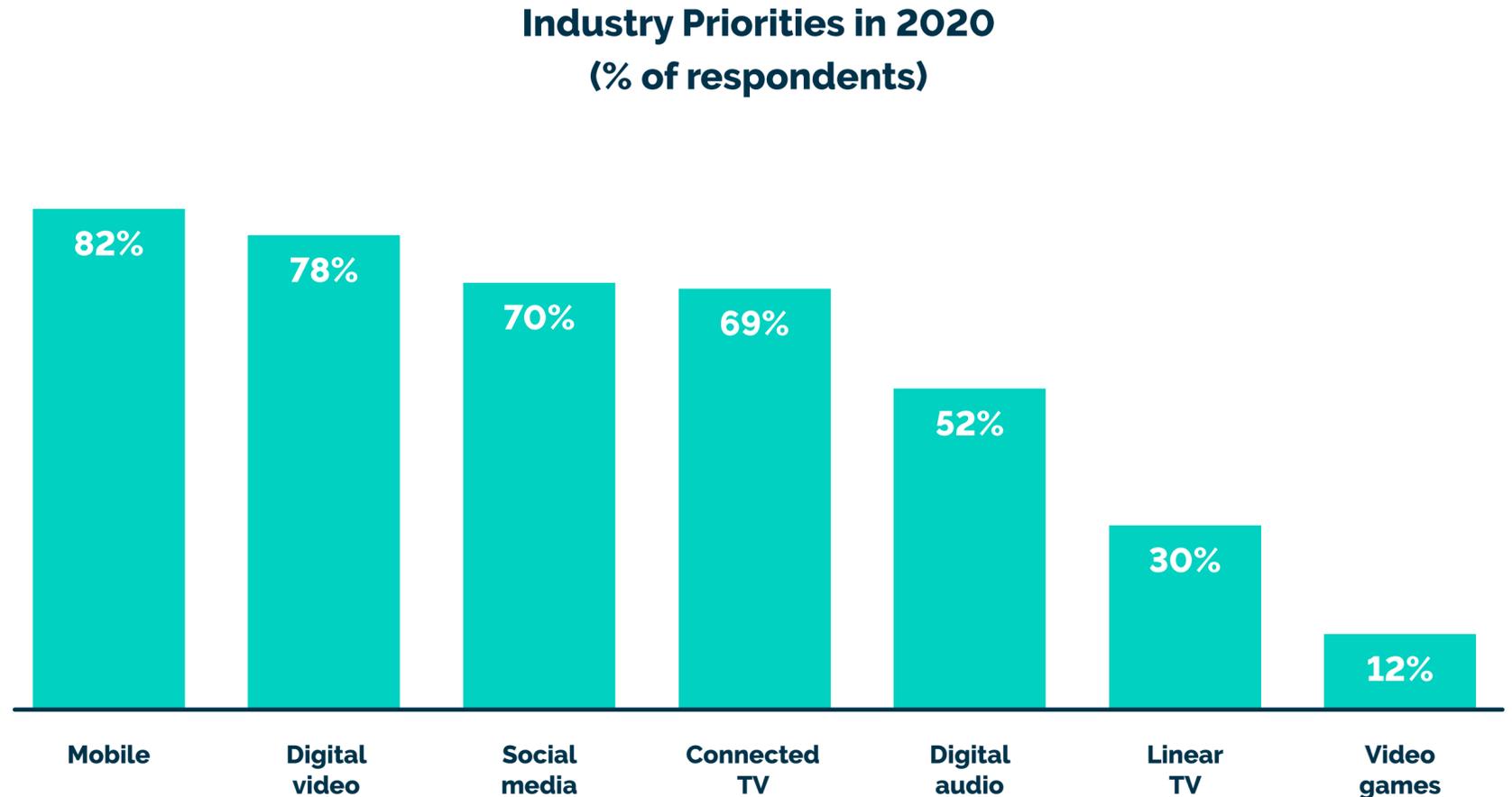
Source: eMarketer, October 2019

## Mobile and video are the top tier priorities for 2020

Mobile and video will receive two of the largest budget allocations in 2020.<sup>1</sup> Mobile emerged as the number one priority for the year ahead across all company types (i.e. ad buyers, tech platforms, and publishers). Video was a close second, driven by a strong focus on the format among ad buyers.

Social media takes third place on the priorities list among media professionals, who are expected to increase spending in social media ads by more than 20% year-over-year to surpass \$43 billion in 2020.

Connected TV was a close fourth and remains a growing channel for advertising that will approach \$9 billion this year.



<sup>1</sup> eMarketer, October 2019



Please indicate the level of priority your organization will assign to the following media opportunities in the next 12 months

## Top 3 Programmatic Advertising Challenges

### Programmatic advertising challenges reflect the shift toward brand suitability

The top three concerns toward programmatic advertising in 2020 were cited as targeting relevant audiences, the availability of premium inventory (both of which are aspects of brand suitability), and, lastly, performance measurement. In our 2019 Industry Pulse Report, those asked about challenges faced the prior year (2018) cited programmatic ad fraud and transparency as significant challenges they experienced.



#### OTHER RESPONSES

- 38%** Increasing levels of ad fraud
- 34%** Ads delivering alongside risky content
- 32%** Poor viewability levels
- 22%** Lack of in-app solutions

#### OTHER RESPONSES

- 39%** Need for programmatic education
- 37%** Scale of premium inventory
- 35%** Viewability levels

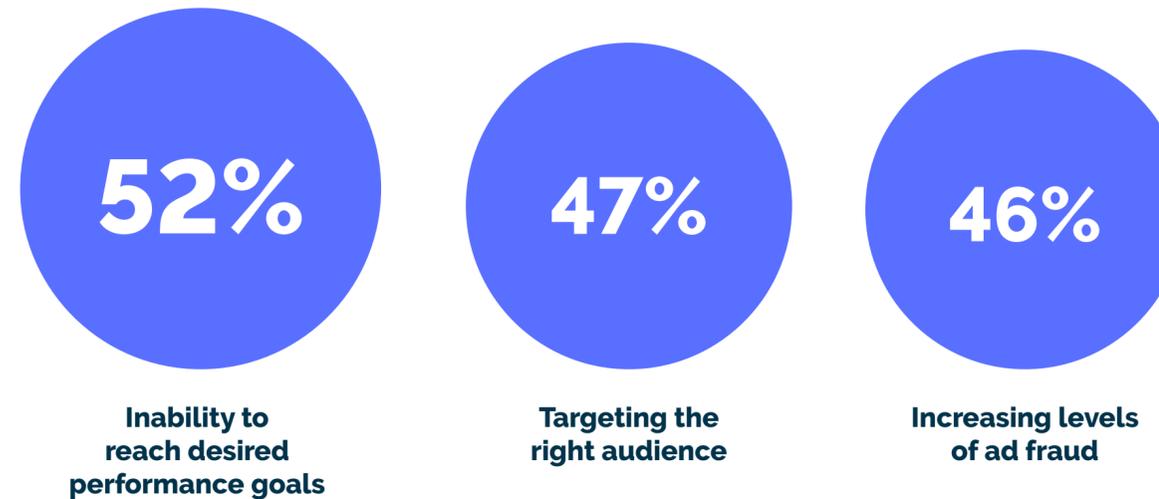
<sup>1</sup> "Industry Pulse", Integral Ad Science, February 2019



## Publishers are focused on fighting fraud in the programmatic space

Ahead of 2020, a greater portion of publishers (46%) cited ad fraud as a challenge for programmatic advertising, well above the 38% of respondents industry-wide who said increasing levels of ad fraud will be a concern for automated transactions.

### Top 3 Programmatic Advertising Challenges According to Publishers in 2020



#### OTHER RESPONSES

- 38%** Lack of premium inventory
- 34%** Poor viewability levels
- 28%** Ads delivering alongside risky content
- 16%** Lack of in-app solutions



Which three of the following will represent the most significant challenge within programmatic advertising over the next 12 months? (Select up to three)

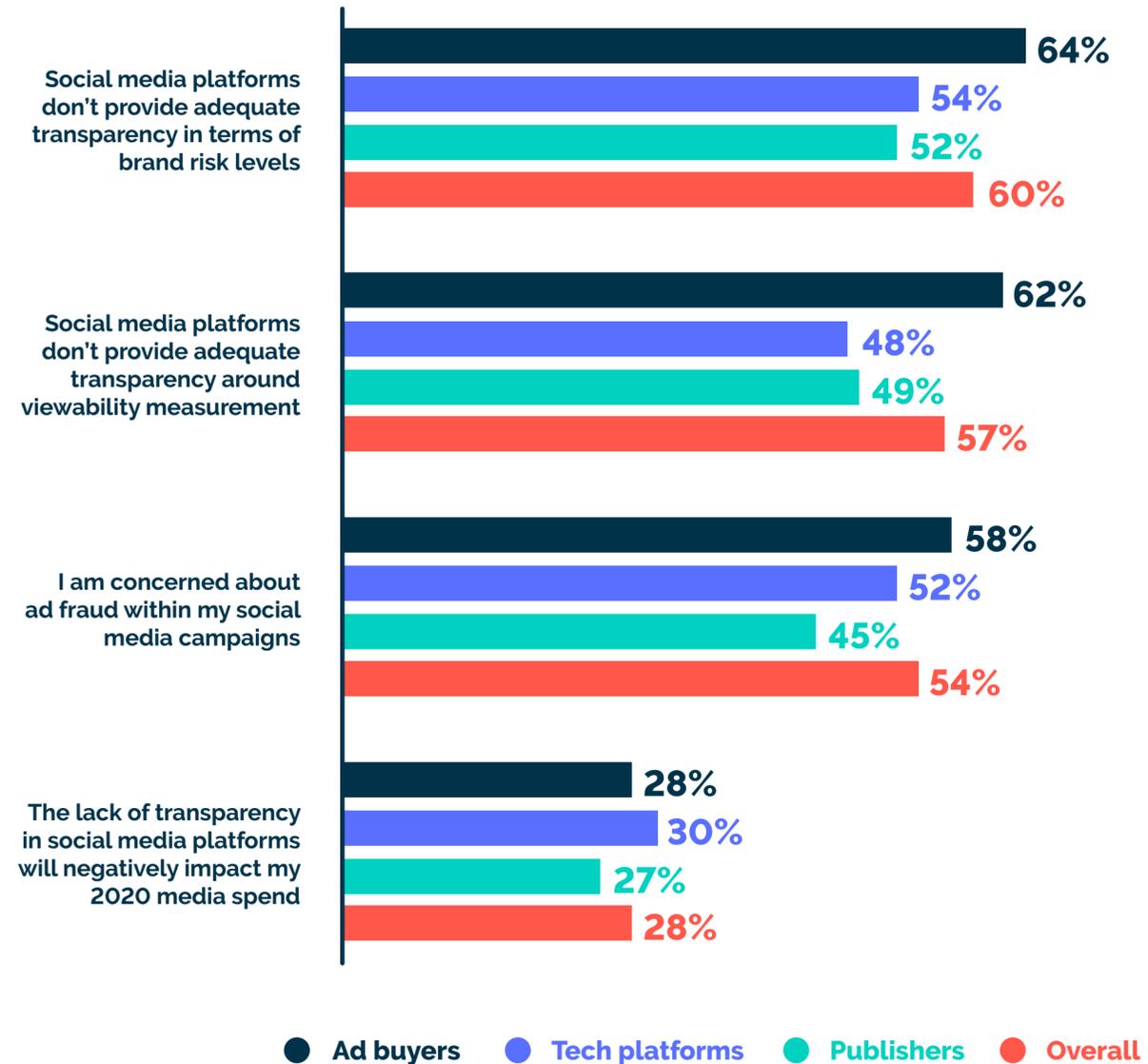
## The conversation around transparency on social media platforms continues

Media quality transparency remains a fluid conversation around social platforms. A solid majority—particularly among ad buyers—believe that brand risk and viewability metrics could always be more transparent. Over half of respondents across the industry also admitted to having concerns about ad fraud and the impact on their social campaigns.

Nonetheless, the reach and targeting capabilities of social media platforms continue to outweigh any perceived imperfections with a minority of media professionals anticipating a negative impact on social media spending. eMarketer estimates overall, social media spending will rise 20% year-over-year to reach \$43.5 billion in 2020.<sup>1</sup>

<sup>1</sup> eMarketer, October 2019

### Agreement with Statements About Social Media Platforms (% of Respondents)



**Continued social media  
expansion**

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**According to the  
2020 Industry Pulse Report,  
64% of ad buyers agree that  
social media platforms don't  
provide adequate transparency in  
terms of brand risk levels.**

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<sup>1</sup>"Industry Pulse," Integral Ad Science, February 2019

## Social media verification

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What do you say?

**“Monetizing our social media footprint will be key. We need to continue to create fun and exciting custom opportunities that can run across our social media platforms.”**

- Manager, Global Publisher

**“Greater transparency and brand safety will add value to our future campaigns. With the evolution of digital media, it is so important to know that we are able to find safe environments for our clients.”**

- VP, Global Media Agency

**“Viewability is the most important factor that will increase the overall value of the digital media strategy.”**

- Media Planner, Global Publisher

# Fighting fraud in the new frontier

Protection against evolving ad fraud  
requires industry innovation



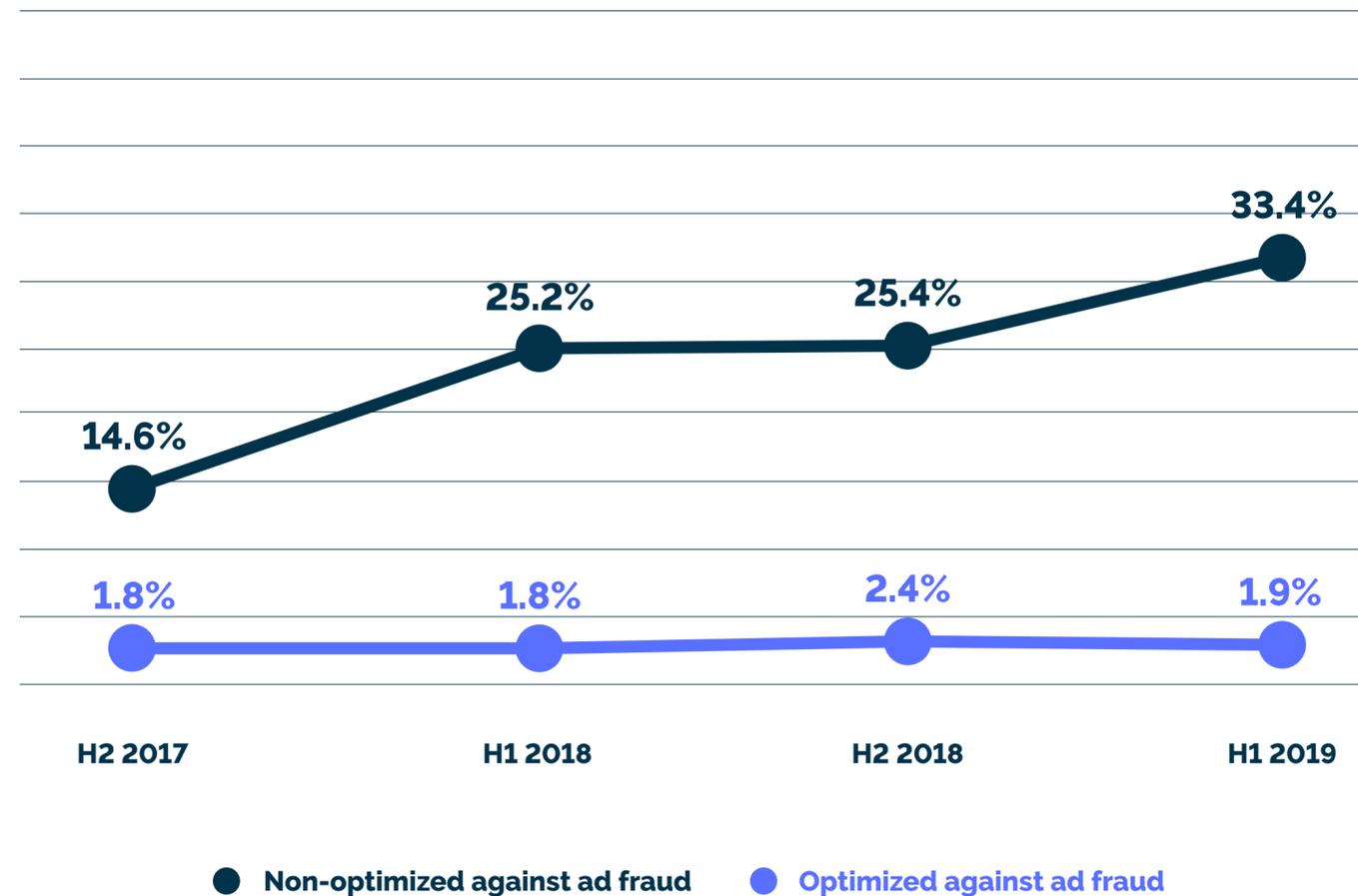
## Ad fraud mitigation is widely adopted, but strategies must continue to evolve

Failing to set up a fraud mitigation strategy with corresponding technology solutions may expose as much as one-third of advertising budgets or publisher revenues to malicious activity.

Ad fraud is a challenge that never ceases to evolve. Perpetrators continuously develop new technologies and schemes to extract undue benefit from the advertising ecosystem. While fraud mitigation is increasingly considered necessary, the importance of maintaining up-to-date fraud strategies and mitigation tools could hardly be overstated.

Source: Proprietary platform data, Integral Ad Science

**U.S. Desktop Display Ad Fraud Benchmarks,  
Optimized vs Non-Optimized Ad Fraud, H2 2017 – H1 2019  
(% of Impressions)**



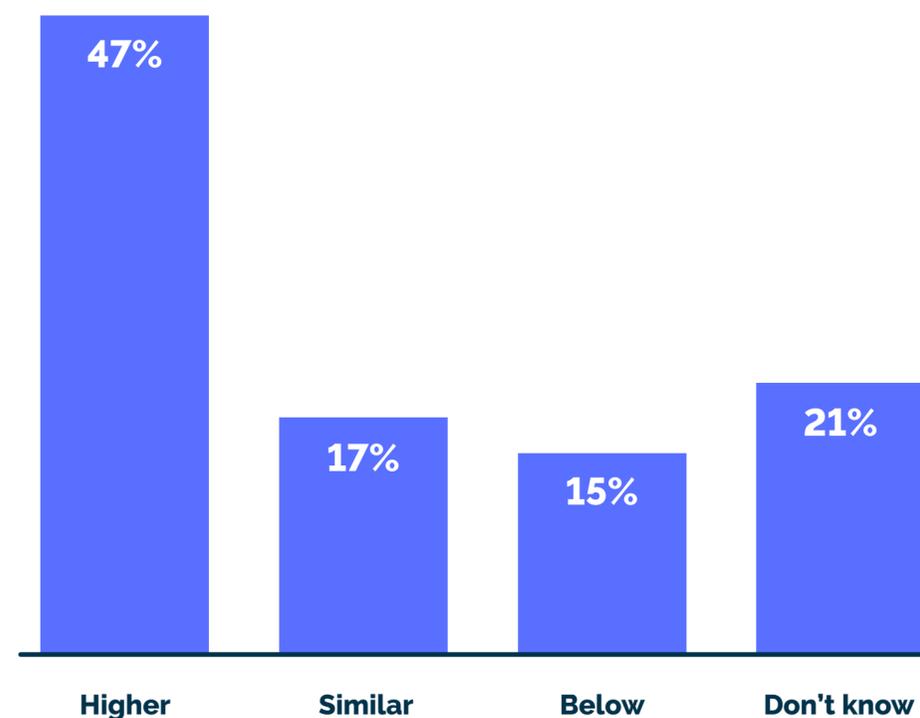
## Optimization against ad fraud remains key to protecting media spend

A full 47% of respondents said the average worldwide desktop display ad fraud rate (11.7%)<sup>1</sup> was higher than the typical rate on their own campaigns. One-third reported greater exposure to fraud on their campaigns. In addition, one in five were unable to tell whether their campaigns fell above or below the average.

That means half of all media professionals polled are at risk of losing **\$117 of every \$1,000** in their media budget or revenue stream if they don't optimize against fraud.

Global losses to ad fraud reached **\$42 billion** in 2019, driven by sophisticated techniques such as spoofing advertising networks. Left unchecked, fraudsters may rack up to \$100 billion by 2023.<sup>2</sup>

Self Reported Comparison Between Own Campaigns vs Non-Optimized Desktop Display Ad Fraud Average Worldwide (% of Total)



<sup>1</sup> "Media Quality Report – H1 2019," Integral Ad Science, September 2019

<sup>2</sup> "Future Digital Advertising: Artificial Intelligence & Advertising Fraud 2019-2023," Juniper Research, May 2019.



According to the H1 2019 Media Quality Report, an average 11.7% of desktop display impressions worldwide were exposed to fraud when left unprotected – i.e. neither verification technology nor anti-fraud strategy were in place. To the best of your knowledge, is this worldwide average above or below the typical ad fraud rate in your campaigns? (Select one)

## Commonly-known forms of ad fraud

Bots and malware are the most recognizable forms of ad fraud by far. Lesser known types of ad fraud are just as detrimental to digital campaigns and include:

**Hijacking:** Often fraudulent traffic that interacts with digital ads

**Cookie stuffing:** Clients provided with cookies from other domains as if the user had visited those sites.

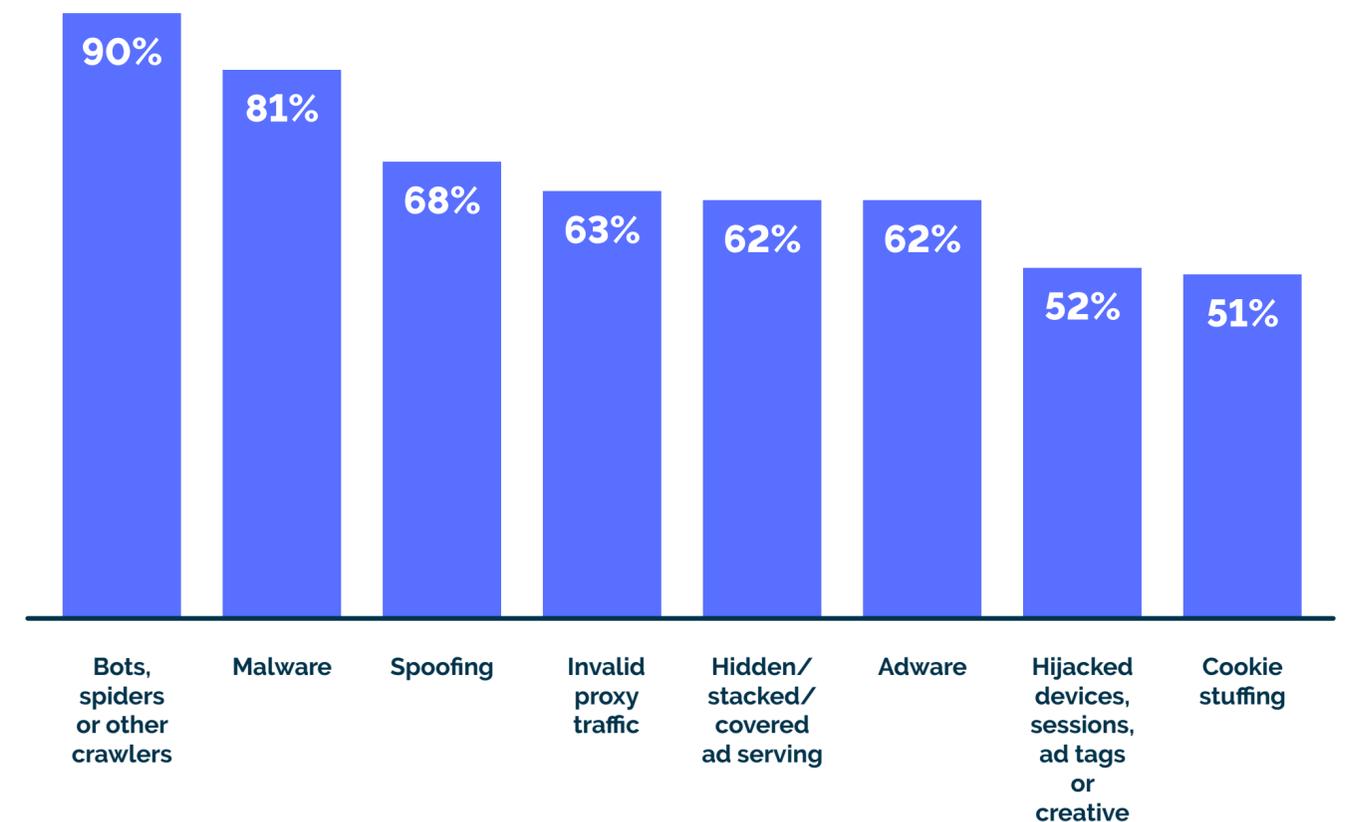
So, exactly what actions constitute ad fraud?

- Selling inventory automatically generated by bots or background mobile-app devices
- Serving ads on a site other than the one provided in an RTB request (also known as domain spoofing)
- Delivering pre-roll video placements in display banner slots
- Falsifying user characteristics like location and browser type
- Hiding ads behind or inside other page elements so that they can't be viewed by humans
- Hindering a user's opportunity to engage by frequently refreshing the ad unit or page

For more information about what ad fraud is,

[download the complete ad fraud essentials guide here.](#)

**Familiarity with Forms of Ad Fraud  
(% of Respondents)**

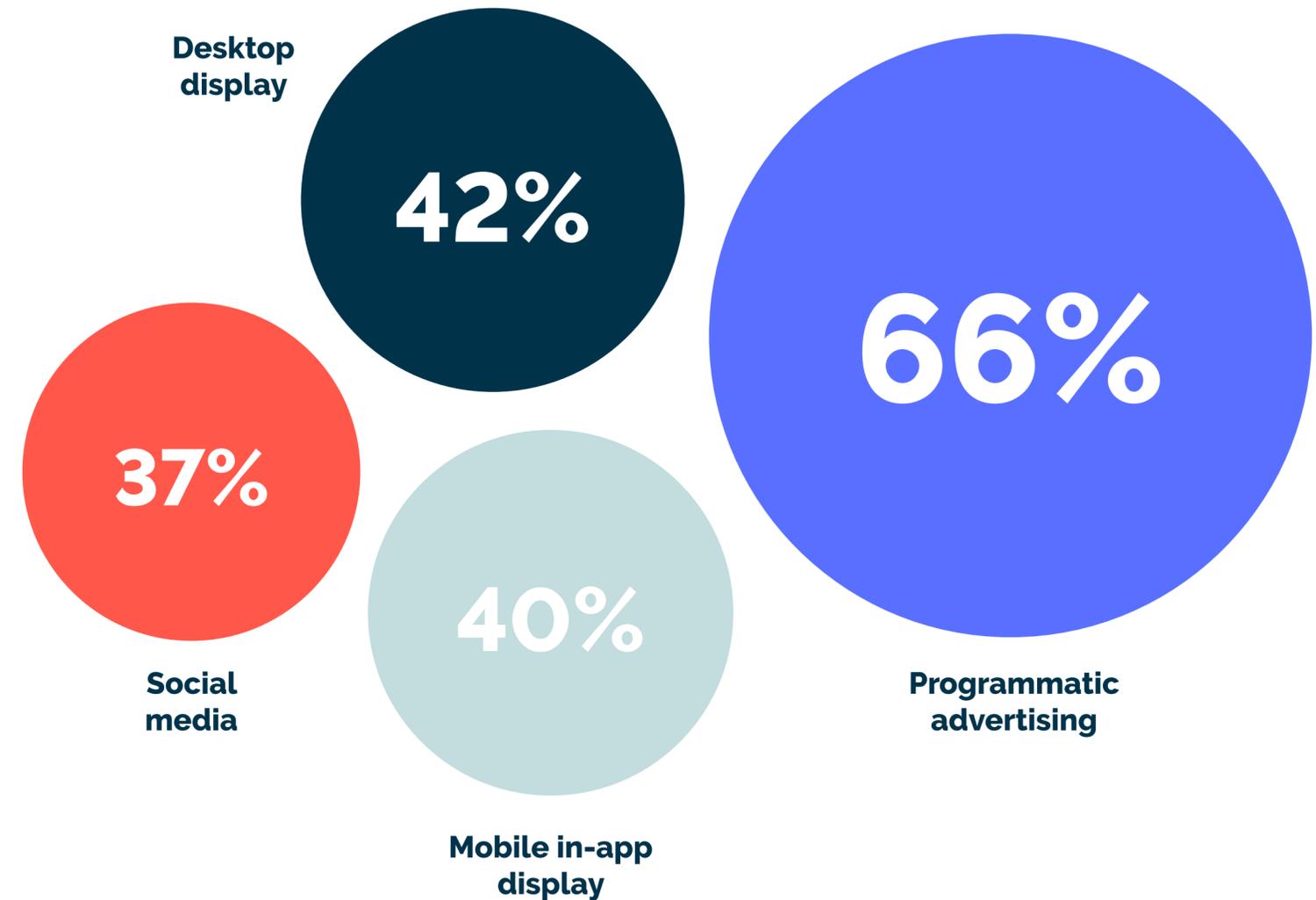


## Environments vulnerable to ad fraud

Programmatic transactions and social media platforms are among the most vulnerable to ad fraud this year, according to media professionals. As social, mobile, and programmatic continue to drive growth in digital advertising, many believe they will also become a main priority for fraudsters.

Display is the format considered most at risk, both on desktop and in-app environments.

### Digital Environments Perceived to be Most Vulnerable to Ad Fraud in 2020 (% of Respondents)



Which of the following environments and formats do you anticipate will be most vulnerable to ad fraud in 2020? (Select up to three)

# The new age of media quality

Adapting digital strategies to address emerging challenges

Challenges

Tactics

Accountability

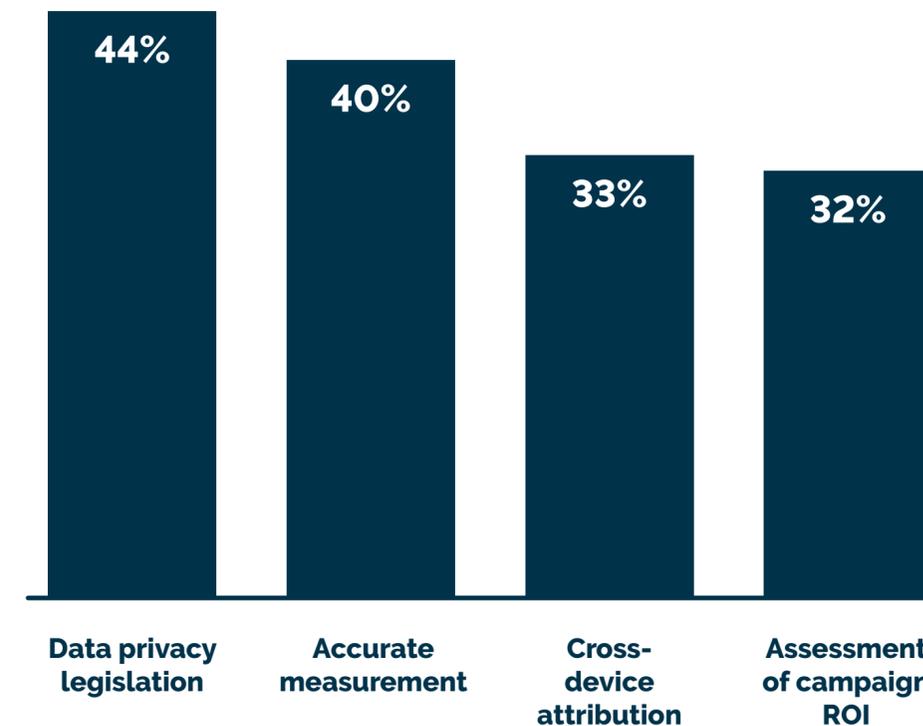


## Top media challenges in 2020

Adapting to data privacy legislation will be the number one challenge in 2020. California's Consumer Privacy Act (CCPA) came into effect on January 1, 2020, adding further protection for personal data. Media organizations have already adapted to similar legislation in the past (i.e. General Data Protection Regulation, or GDPR) and compliance efforts are well underway.

While data privacy legislation is vast and complex, the core belief across the industry is it will curtail cookie-based behavioral targeting and spur the re-emergence of contextual targeting as an essential trend in the year ahead.

Top Digital Media Challenges in the Next 12 Months  
(% of Respondents)



## Data privacy legislation

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What do you say?

**“CCPA and it’s type will fundamentally change our programmatic buying practices.”**

**- Director, Global Agency**

**“Privacy and data security will be the major focus of 2020 as CCPA compliance is enforced. Just as GDPR set a new bar, CCPA is just the first step in privacy federal law. These conversations are confusingly intertwined with ITP and the ‘death of the cookie.’”**

**- Manager, Demand Side Platform**

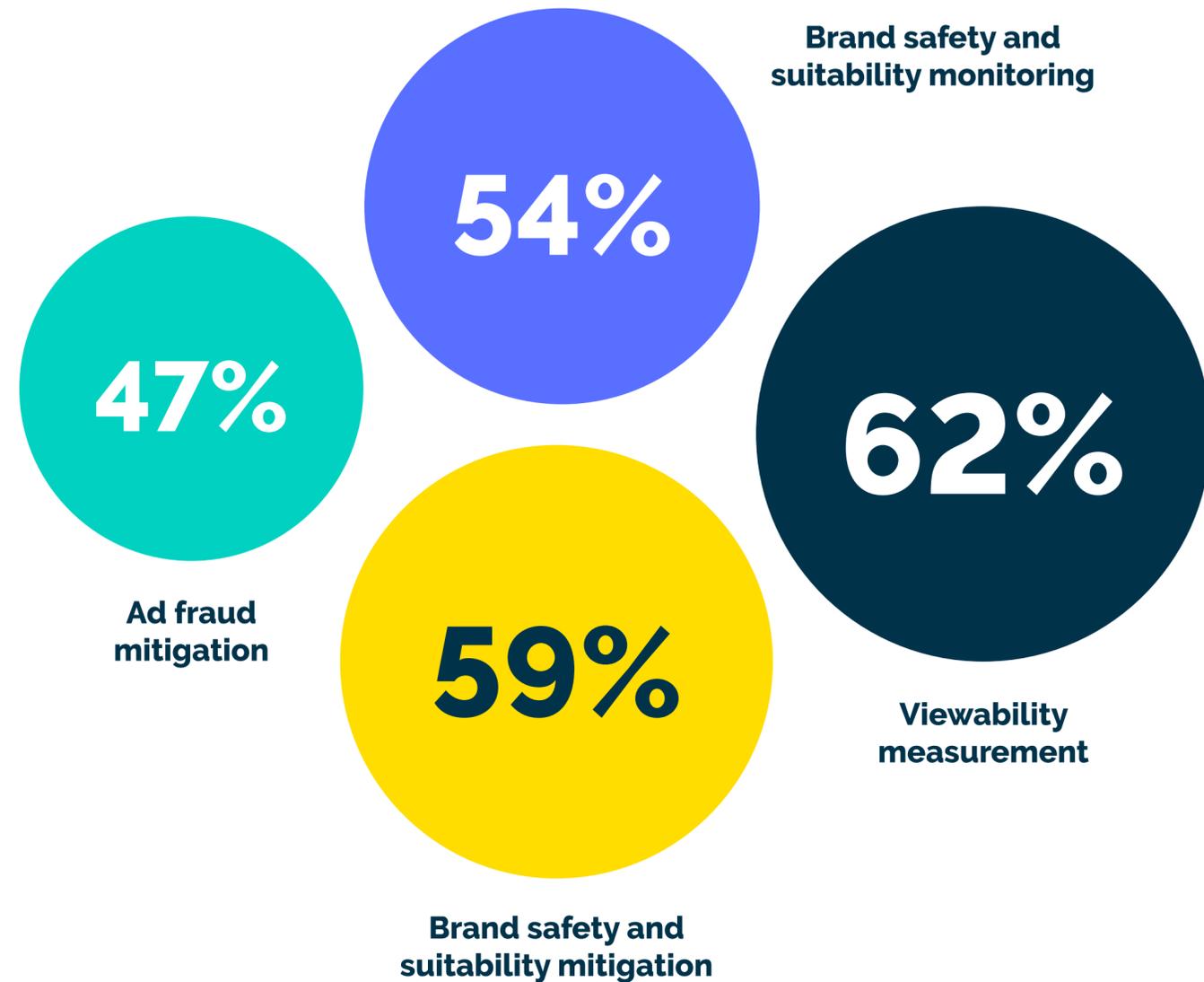
## Tactics to ensure media quality

Marketers and media organizations will leverage a wide array of tactics to measure, monitor, and mitigate risks spanning the three core components of media quality:

- Viewability
- Brand suitability
- Fraud mitigation

Measuring viewability will remain the bedrock of media quality assurance for most marketers, followed by efforts to mitigate brand risk and continue to expand the focus on brand suitability.

### Tactics to Minimize Media Quality Challenges in 2020 (% of Respondents)

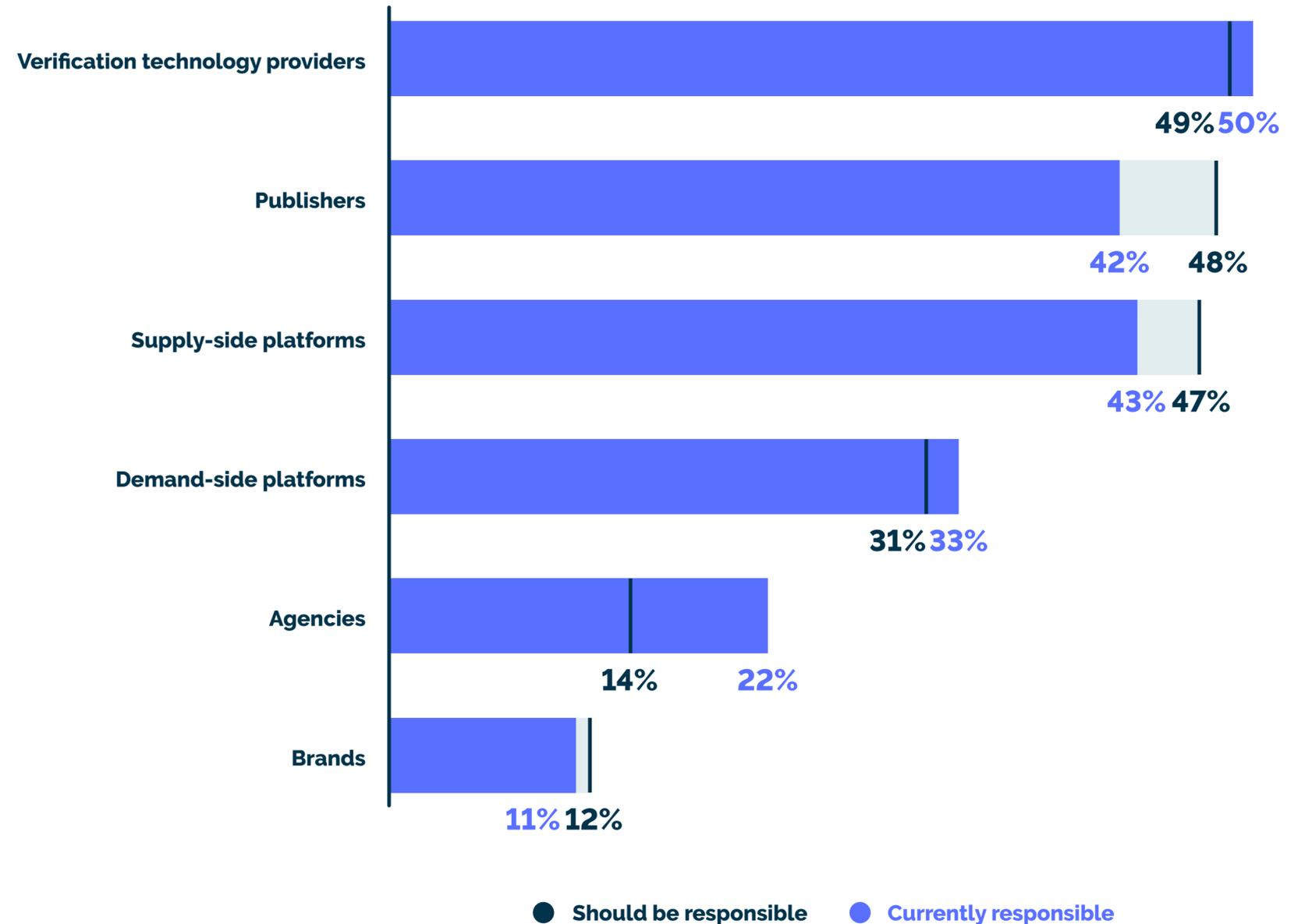


## Accountability for ad fraud protection

Efforts to mitigate fraudulent activity rest on the need for robust technology and expansive scale. A plurality of industry experts agree that providers of Verification solutions are the primary gatekeepers against ad fraud. With robust technology backed by science, and the scale to support partners around the globe, marketers believe Verification providers have the wherewithal to truly protect the industry.

Ad buyers—agencies in particular—insist sell-side platforms and publishers should also be highly accountable for ad fraud mitigation, due to their broad reach across industry bodies and direct access to the inventory fraudsters traditionally seek.

**Who is Most Responsible for Ad Fraud Mitigation?**  
(% of Respondents)



## Brand suitability gatekeepers

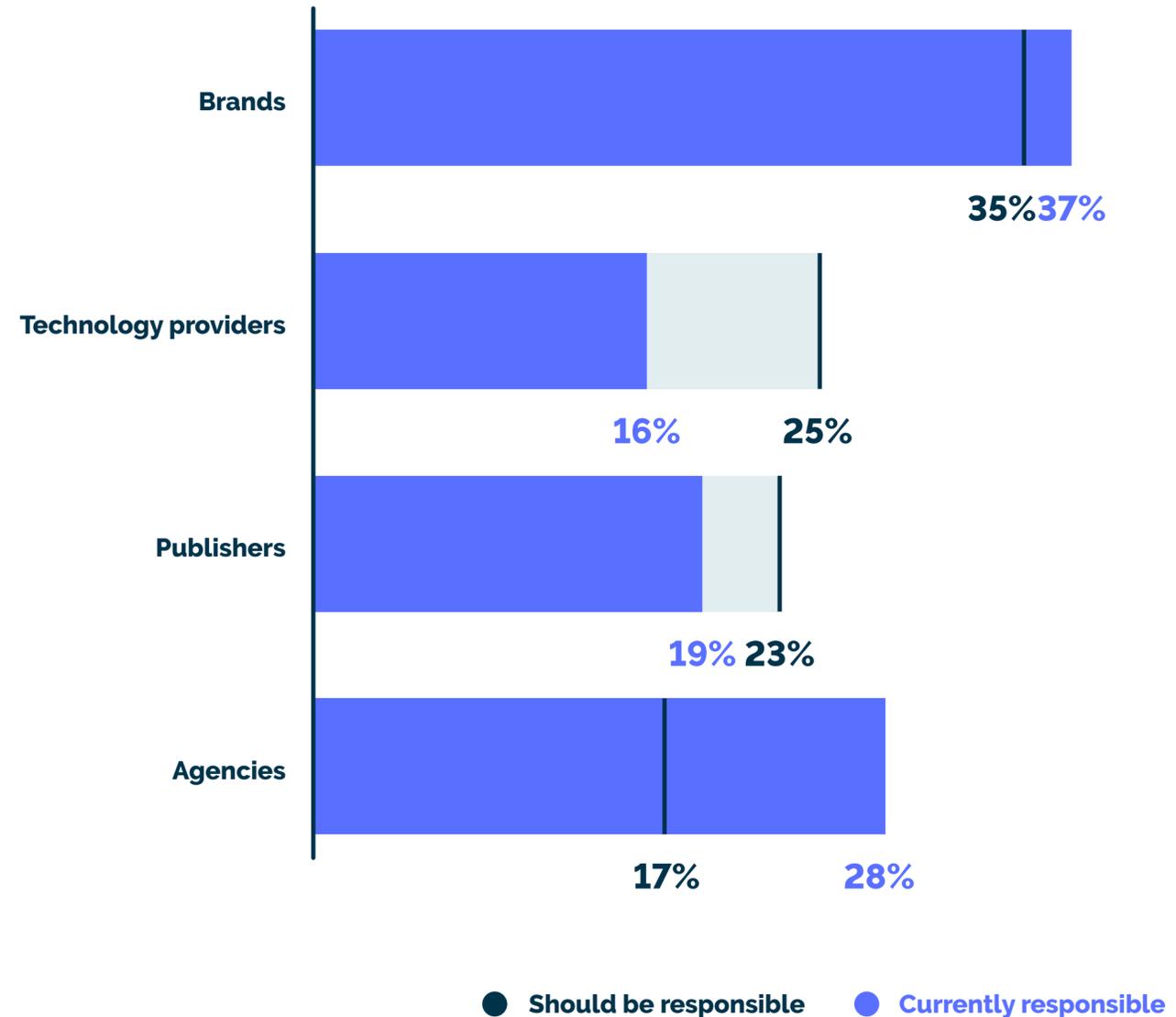
As the shift from brand safety to brand suitability continues, technology providers should be responsible for empowering marketers.

Binary safety controls are no longer enough to protect brands against negative reputational impacts. Sophisticated marketers are continuing the shift to brand suitability technology that enables the use of subjective variables such as content adjacency, viewability, and audience demographics that suit their unique needs and goals.

Although brands are considered most responsible—currently and in the future—for their own brand suitability efforts, agreement is growing that verification technology providers must step in to empower marketers in their effort to minimize media risk for their brands.

Source: "The State of Brand Suitability," Integral Ad Science in partnership with Digiday, November 2019

**Who is Most Responsible for Brand Suitability?**  
(% of Respondents)



# The era of innovation awaits

Key trends shaping the digital landscape

**Connected TV**

**Verification solutions**

**Contextual targeting 2.0**

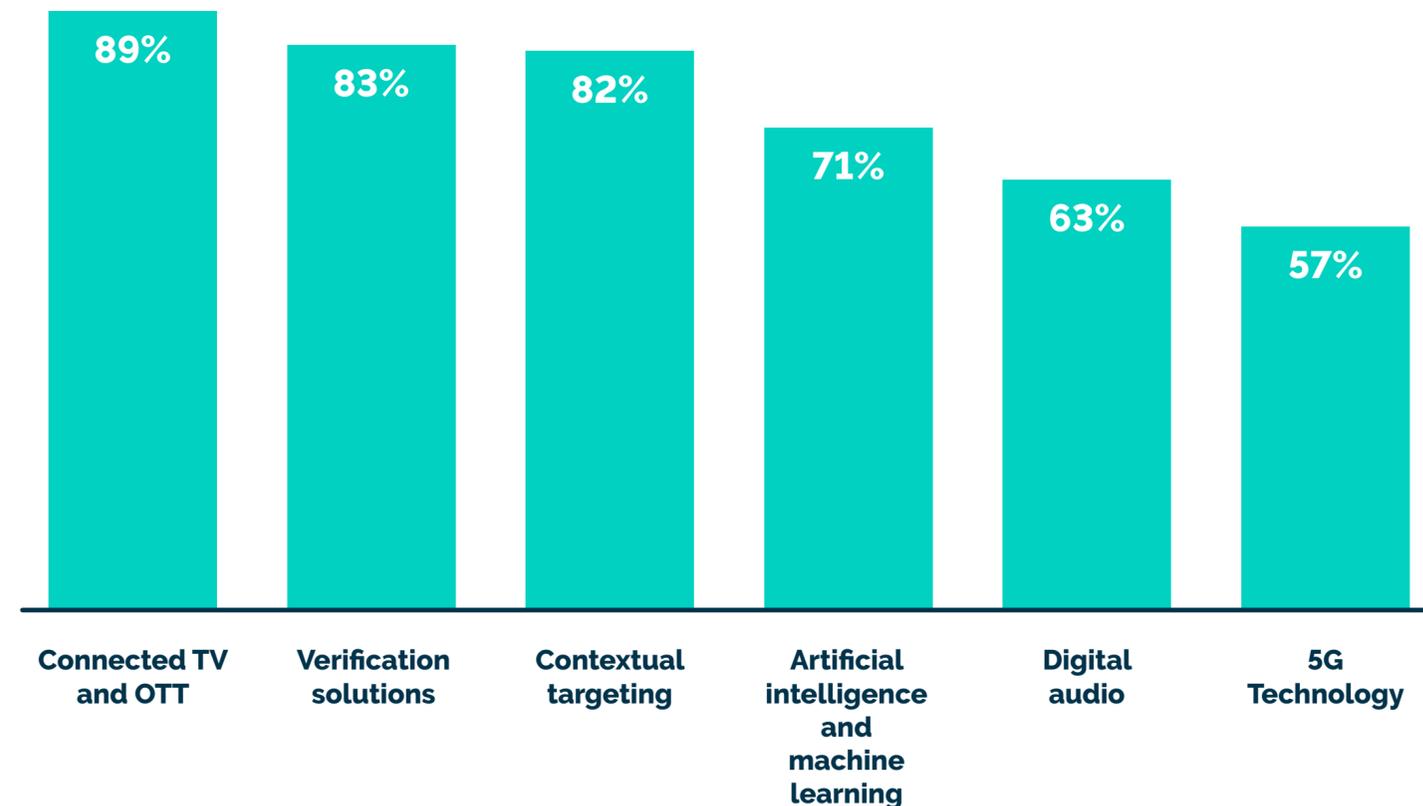


## Key industry trends

Key trends for 2020 include an emerging channel, rising interest in verification, and resurgence of a familiar technology.

1. Advancements in connected TV (CTV) and over-the-top technology (OTT) are expected to further accelerate the shift in media consumption and ad spending from linear TV to digital.
2. Media professionals said leveraging Verification solutions will be key to improving overall media quality.
3. Contextual targeting will gain favor once again as expanding data privacy legislation shifts control over personal data back to consumers.

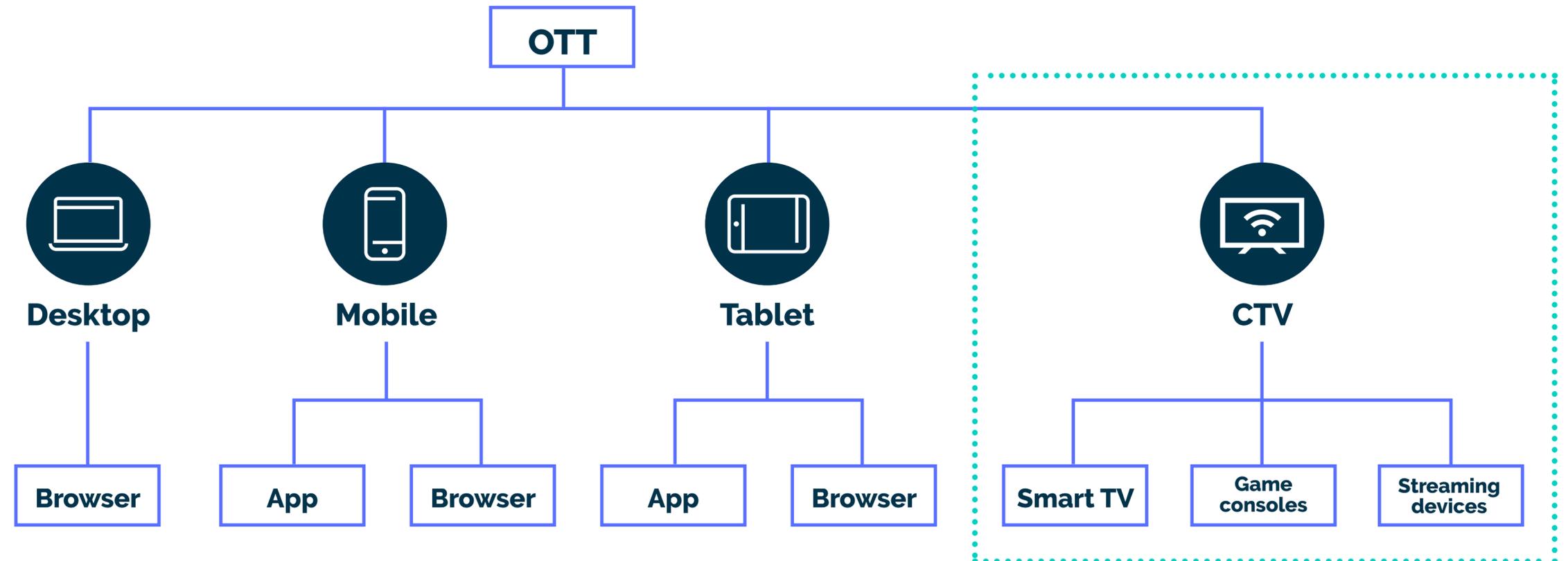
**Key Industry Trends in 2020**  
(% of Respondents)



## CTV takes off

OTT, or “over-the-top,” refers to going over the top of traditional cable, broadcast, or satellite television.

Connected TV (CTV) is just that, meaning it’s specific to the device, rather than the streaming services or platform.



## Growing opportunity in connected TV

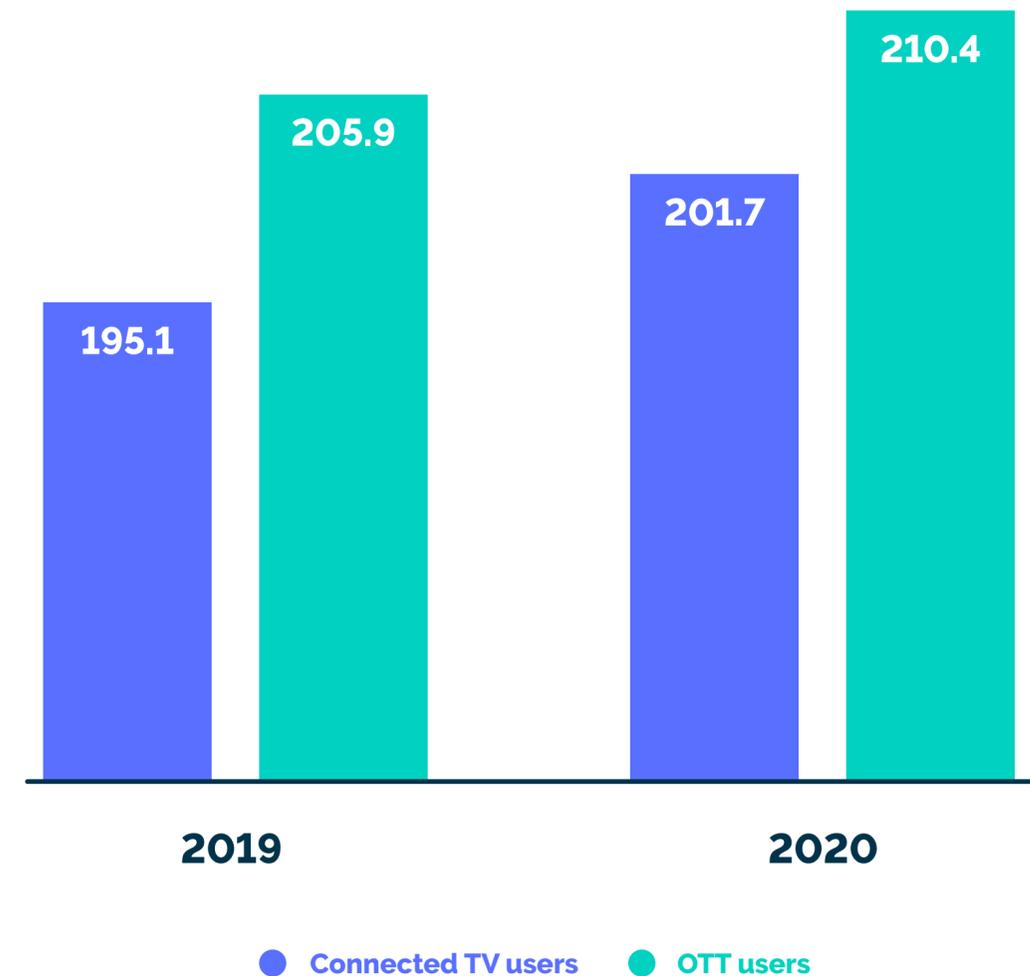
Over 200 million U.S. consumers watched over-the-top video content in 2019, nearly two-thirds of them via connected TV.

Nearly two-thirds of U.S. consumers watched over-the-top video content in 2019. 95% of them did so through connected TV, with that share rising to 96% in 2020.

Although still smaller than linear TV, connected TV audiences are sizeable enough to incentivize ad buyers to shift media budgets away from traditional TV.

Publishers also predict the expansion of connected TV at the expense of traditional budgets. According to a Manager at a Financial Publisher, "Connected TV will take over more linear TV buying and more verification will come to market."

U.S. OTT and Connected TV Users, 2019 & 2020  
(Millions)



**Increasing data privacy regulation, digital media complexity, and risk aversion will increase demand for Verification solutions.**

What do you say?

**"Consolidation and alignment of digital performance and verification metrics across channels will be of utmost importance when navigating potential media partners and solutions."**

**- Media Planner, Advertising Agency**

**"Verification. Ensuring our media is presented in the way the brand intends is now more important than ever. In an online ecosystem that has become increasingly crowded amongst brands and publishers, regulations are reaching federal levels."**

**- Manager, Global Media Agency**

## Increased privacy regulations resurrect a focus on contextual targeting

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Expansive regulation around personal data is making cookie-based targeting less reliable. Media buyers are increasingly reliant on sophisticated contextual targeting and first-party data to reach the correct audience.

**"Data will be the single most important factor. People want to reach specific audiences and, as a publisher, we need to rely on our first party data that has been cleared from a GDPR and CCPA perspective to offer contextual and behavioral targeting for media specific buys."**

**- Media Planner, Advertising Agency**

## What this means for 2020



### Key advertising channels

Mobile, video, and social have long concentrated the bulk of digital media budgets. The three remain at the center of media strategies and will take the lion's share of digital ad spending in 2020.



### Connected TV is here

More than 200 million U.S. consumers will watch video through connected TV (CTV) this year. Industry experts believe advancements in CTV technology will accelerate the shift in both media consumption and ad spending from linear TV to digital in the year ahead, making CTV the hottest emerging trend in 2020.



### Data privacy and contextual targeting 2.0

Media professionals see GDPR and CCPA as only the beginning of the growing legislation to protect personal data. Many are calling it the "death of the cookie", and they're probably right. By embracing the new normal, the industry is also embracing the re-emergence of a new, more sophisticated contextual targeting.



### Programmatic focus shifts to suitability

Programmatic technology continues to gain sophistication and so is the case for the challenges that lie ahead. Industry experts anticipate that challenges to programmatic technology will create a focus on aspects of brand suitability and performance measurement in 2020, compared to the greater concern about ad fraud and transparency two years ago.



### Transparency and social media ad spending

Industry professionals highlighted opportunities to improve transparency in social media platforms. They also believe social is one of the formats most at risk with fraud. However, most have no intention to slow down their social media spending. Only 28% expect a negative impact on their media budgets this year.

# About IAS

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Integral Ad Science (IAS) is the global market leader in digital ad verification, offering technologies that drive high-quality advertising media. IAS equips advertisers and publishers with both the insight and technology to protect their advertising investments from fraud and unsafe environments as well as to capture consumer attention, and drive business outcomes. Founded in 2009, IAS is headquartered in New York with global operations in 18 offices across 13 countries. IAS is part of the Vista Equity Partners portfolio of software companies. For more on how IAS is powering great impressions for top publishers and advertisers around the world, visit [integralads.com](https://integralads.com)

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