

▶ Innovative thinking to make a lasting impact on your business growth.

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2021

## An Insider's Look

Why brands and agencies are shifting to audience-based TV buying

# Custom research to understand buying strategies

In March 2021, VAB conducted a custom study of over 200 marketers to assess how the industry is adopting audience-based TV buying – from their level of awareness and familiarity to their belief in the ability of the approach to drive business outcomes.

## Part I: Top 10 Findings



This piece equips you with the **10 key findings** from the survey. We uncover to what extent marketers are familiar with, executing, and investing in ABB as part of their video buying strategies.

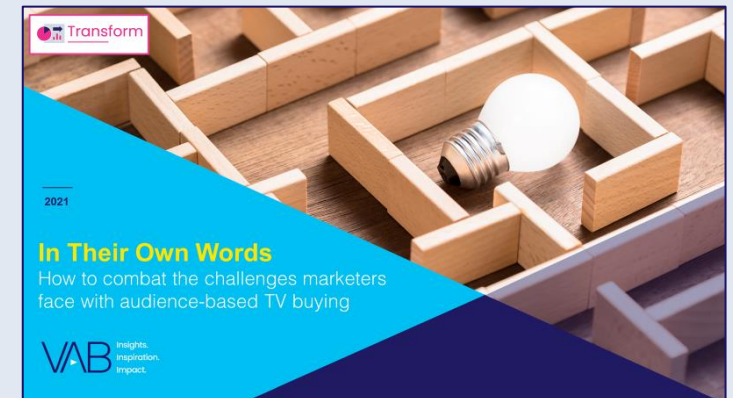
## Second Release!

## Part II: An Insider's Look



An insider's look at how **'large' and 'small' business brand marketers and agency professionals** are approaching their TV buying strategies.

## Part III: Challenges & Solutions Coming in July



We identify the **challenges** brand marketers and agency professionals are facing in embracing an audience-first mindset and the **solutions to help overcome** those obstacles.

See appendix for details on the custom study methodology. Survey fielded March 23 - 31, 2021.

# What You'll Learn...

In the second installment of our three-part series on audience-based buying, we provide an insider's perspective from our custom study on the industry's shift towards an audience-first approach in TV planning and buying.

This guide will identify the common traits and unique, defining behaviors of **four core segments** across brands and agencies regarding their shift to audience-based buying and will give insights on how their *direct peers* are evolving their strategies to maximize impact against business KPIs.

*An Insider's Look at...*

1

**Common Traits on  
the Path to  
Audience-Based TV  
Buying**

2

**'Large Business'  
Brand Marketers  
Defining Behaviors**

3

**'Small Business'  
Brand Marketers  
Defining Behaviors**

4

**'Large Business'  
Agency Professionals  
Defining Behaviors**

5

**'Small Business'  
Agency Professionals  
Defining Behaviors**

*Click through a box above to be brought directly to the appropriate section. See slide 4 for a summary of each marketing segment definition.*

# In this guide, we provide insights on why four specific marketer segments are shifting to an audience-based TV approach

## Brand Marketers



**‘Large Business’ Brand Marketers**  
Brand marketer respondents working for a brand that spent **more than \$5MM** in total on advertising over the past 12 months

**‘Small Business’ Brand Marketers**  
Brand marketer respondents working for a brand that spent **less than \$5MM** in total on advertising over the past 12 months

## Agency Professionals



**‘Large Business’ Agency Professionals**  
Agency respondents that work on at least one client account with **more than \$5MM** in advertising spend over the past 12 months

**‘Small Business’ Agency Professionals**  
Agency respondents that work on at least one client account with **less than \$5MM** in advertising spend over the past 12 months

Source: VAB / Advertiser Perceptions ‘Audience-Based Buying Survey,’ March 23 – 31, 2021. Survey base: Advertising decision-makers who are involved in buying or planning digital video, cable / broadcast TV, or advanced TV (n=211). ‘Large’ Brand Marketers = business with annual total ad spend of \$5MM+ (n=70), ‘Small’ Brand Marketers = business with annual total ad spend of \$10K - \$5MM (n=35), ‘Large Business’ Agency Pros = client with annual total ad spend of \$5MM+ (n=71), ‘Small Business’ Agency Pros = client with annual total ad spend of \$10K - \$5MM (n=35).

1

## **Common Traits** on the Path to Audience-Based TV Buying





# Brands and agencies are embracing data & analytics to help them make more informed decisions for their marketing strategies

**% of respondents that agree with the following statements regarding their company's investment in data & analytics to optimize and measure marketing campaigns**

■ 'Large' Brand Marketers ■ 'Small' Brand Marketers ■ 'Large Business' Agency Pros ■ 'Small Business' Agency Pros

It has led to greater return on investment for our video buying & planning



My organization plans to increase its investment in data & analytics over the next 12 months



It has helped us make better informed decisions for our video strategy & buying



Source: VAB / Advertiser Perceptions 'Audience-Based Buying Survey,' March 23 – 31, 2021 . 'Large' Brand Marketers = business with annual total ad spend of \$5MM+, 'Small' Brand Marketers = business with annual total ad spend of \$10K - \$5MM, 'Large Business' Agency Pros = client with annual total ad spend of \$5MM+, 'Small Business' Agency Pros = client with annual total ad spend of \$10K - \$5MM. Q22. How much do you agree or disagree with the following statements regarding your organization's investment in data & analytics to optimize and measure marketing campaigns? (strongly/somewhat agree).

# Due to their increased comfort level with data-driven approaches, brands and agencies are accepting of more modern ways of buying TV

% of respondents that agree with the following statements

“I see the value in an automated audience-based buying TV platform”

90% / 97% / 89% / 89%

“I would be interested in using a self-service platform for buying TV, if one was available to me”

83% / 89% / 83% / 71%

■ 'Large' Brand Marketers   ■ 'Small' Brand Marketers   ■ 'Large Business' Agency Pros   ■ 'Small Business' Agency Pros

Source: VAB / Advertiser Perceptions 'Audience-Based Buying Survey,' March 23 – 31, 2021. 'Large' Brand Marketers = business with annual total ad spend of \$5MM+, 'Small' Brand Marketers = business with annual total ad spend of \$10K - \$5MM, 'Large Business' Agency Pros = client with annual total ad spend of \$5MM+, 'Small Business' Agency Pros = client with annual total ad spend of \$10K - \$5MM. Pros = Professionals. Q170. How much do you agree or disagree with the following statements? (strongly/somewhat agree)

# With their openness to innovate, brands and agencies are willing to upend the way they currently buy media

% of respondents that agree with the following statements

“I am comfortable with moving from traditional, GRP-driven TV buying to an audience-based TV buying approach”

83% / 91% / 83% / 71%

“Over the next three years, I believe the industry will significantly shift from traditional TV buying (GRPs) to an audience-based TV buying approach”

90% / 94% / 85% / 89%

■ 'Large' Brand Marketers   ■ 'Small' Brand Marketers   ■ 'Large Business' Agency Pros   ■ 'Small Business' Agency Pros

Source: VAB / Advertiser Perceptions 'Audience-Based Buying Survey,' March 23 – 31, 2021. 'Large' Brand Marketers = business with annual total ad spend of \$5MM+, 'Small' Brand Marketers = business with annual total ad spend of \$10K - \$5MM, 'Large Business' Agency Pros = client with annual total ad spend of \$5MM+, 'Small Business' Agency Pros = client with annual total ad spend of \$10K - \$5MM. Pros = Professionals. Q170. How much do you agree or disagree with the following statements? (strongly/somewhat agree).

# Eager to shift to a data-driven approach, they are actively searching for new solutions, such as audience-based buying



How frequently do you come across the term 'audience-based buying' in your engagements at work?

% of respondents who answered 'often' or 'sometimes'

'Large' Brand Marketers

83%

'Large Business' Agency Pros

85%

'Small' Brand Marketers

83%

'Small Business' Agency Pros

77%

Source: VAB / Advertiser Perceptions 'Audience-Based Buying Survey,' March 23 – 31, 2021. 'Large' Brand Marketers = business with annual total ad spend of \$5MM+, 'Small' Brand Marketers = business with annual total ad spend of \$10K - \$5MM, 'Large Business' Agency Pros = client with annual total ad spend of \$5MM+, 'Small Business' Agency Pros = client with annual total ad spend of \$10K - \$5MM. Q41. How frequently do you come across the term 'audience-based buying' in your engagements at work? (top 2 box: often/sometimes).

# Both brands and agencies are leaning on their media partners to help them build a customized data-driven TV solution



“Increasingly I expect my media providers to be **consultative partners**, not just focused on advertising execution”

**96%** / **97%** / **92%** / **94%**

 'Large' Brand Marketers

 'Small' Brand Marketers

 'Large Business' Agency Pros

 'Small Business' Agency Pros

Source: VAB / Advertiser Perceptions 'Audience-Based Buying Survey,' March 23 – 31, 2021. 'Large' Brand Marketers = business with annual total ad spend of \$5MM+, 'Small' Brand Marketers = business with annual total ad spend of \$10K - \$5MM, 'Large Business' Agency Pros = client with annual total ad spend of \$5MM+, 'Small Business' Agency Pros = client with annual total ad spend of \$10K - \$5MM. Q20. How much do you agree or disagree with the following statements? (strongly / somewhat).

# Working closely with their media partners, most brands and agencies who are involved in audience-based TV buying are satisfied with the major aspects of the process

% of respondents who are satisfied with the following aspects of the audience-based TV buying process

■ 'Large' Brand Marketers   ■ 'Small' Brand Marketers   ■ 'Large Business' Agency Pros   ■ 'Small Business' Agency Pros



Source: VAB / Advertiser Perceptions 'Audience-Based Buying Survey,' March 23 – 31, 2021. 'Large' Brand Marketers = business with annual total ad spend of \$5MM+, 'Small' Brand Marketers = business with annual total ad spend of \$10K - \$5MM, 'Large Business' Agency Pros = client with annual total ad spend of \$5MM+, 'Small Business' Agency Pros = client with annual total ad spend of \$10K - \$5MM. Q103. How satisfied are you with the following aspects of the audience-based buying process in TV advertising? (very satisfied / satisfied). Q145. Which of the following best describes your experience of the shift from buying based on traditional demographics to buying based on audiences? Base = Respondents who say audience-based buying is a 'key part' / 'small part' of their TV strategy or are currently testing audience-based buying and determining its role.



# Due to this satisfaction, brands and agencies find audience-based TV buying easier than, or on par with, what they expected

**“The shift from buying TV on traditional demos to audiences was easier than expected or about what I expected”**  
% of respondents

‘Large’ Brand Marketers  
**64%**

‘Large Business’ Agency Pros  
**69%**

‘Small’ Brand Marketers  
**81%**

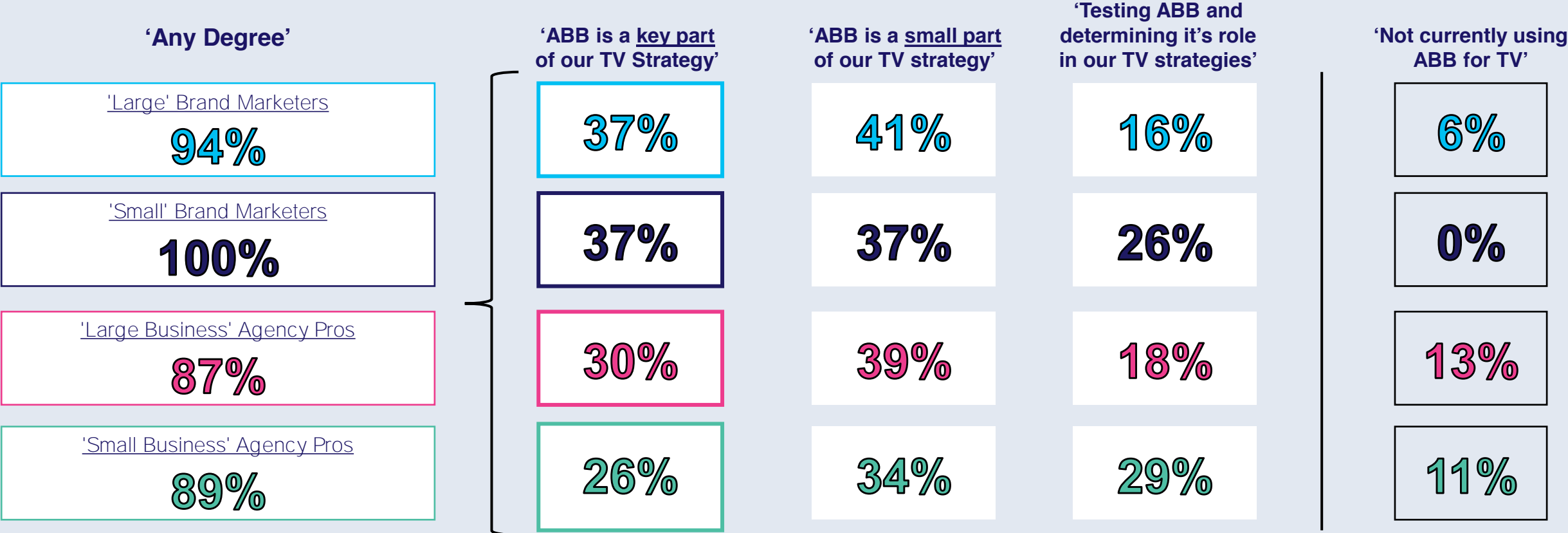
‘Small Business’ Agency Pros  
**90%**

Source: VAB / Advertiser Perceptions ‘Audience-Based Buying Survey,’ March 23 – 31, 2021. ‘Large’ Brand Marketers = business with annual total ad spend of \$5MM+, ‘Small’ Brand Marketers = business with annual total ad spend of \$10K - \$5MM, ‘Large Business’ Agency Pros = client with annual total ad spend of \$5MM+, ‘Small Business’ Agency Pros = client with annual total ad spend of \$10K - \$5MM. Pros = Professionals. Q145. Which of the following best describes your experience of the shift from buying based on traditional demographics to buying based on audiences? Base = Respondents who say audience-based buying is a ‘key part’ / ‘small part’ of their TV strategy or are currently testing audience-based buying and determining its role.

# As a result, many brands and agencies are shifting from traditional demo-based TV buying to audience-based buying to some degree

▶ ‘Small business’ brand marketers and agency professionals are much more likely to be in the ‘test-and-learn’ phase currently

Which of the following best describes your (company’s/main client’s) current approach to audience-based buying for TV advertising?



Source: VAB / Advertiser Perceptions ‘Audience-Based Buying Survey,’ March 23 – 31, 2021. ‘Large’ Brand Marketers = business with annual total ad spend of \$5MM+, ‘Small’ Brand Marketers = business with annual total ad spend of \$10K - \$5MM, ‘Large Business’ Agency Pros = client with annual total ad spend of \$5MM+, ‘Small Business’ Agency Pros = client with annual total ad spend of \$10K - \$5MM. Q70. Which of the following best describes your (company’s/main client’s) current approach to audience-based buying for TV advertising?



## Summary: Common Traits on the Path to Audience-Based TV Buying

- ▶ Brands and agencies are embracing data & analytics to help them make more informed decisions around their marketing strategies
- ▶ Empowered by data & analytics, brands and agencies are open to new ways of buying media and are eager to consider new solutions that create 'smarter' advertising campaigns
- ▶ By working closely with media owners, many brands and agencies that are implementing audience-based buying are satisfied with the process and find it easier than, or on par with, what they expected
- ▶ As a result, most marketers are shifting from traditional demo-based TV buys to audience-based buying to some degree. This signals a ripe opportunity for audience buying to grow and become a key part of their TV buying strategy.

2

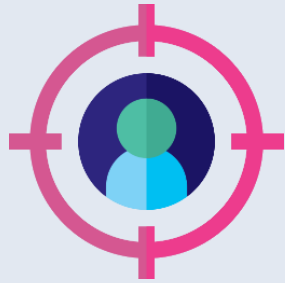
## **‘Large Business’ Brand Marketers: Defining Behaviors**



# When developing video ad campaigns, the goal of ‘large business’ brand marketers is to deliver an engaging message to the right person

## Most Important Priorities for Video Campaigns

% of ‘large business’ brand marketers that ranked each between #1-3 in priority



Reaching the Right Audience

64%



Delivering Engaging Creative

46%



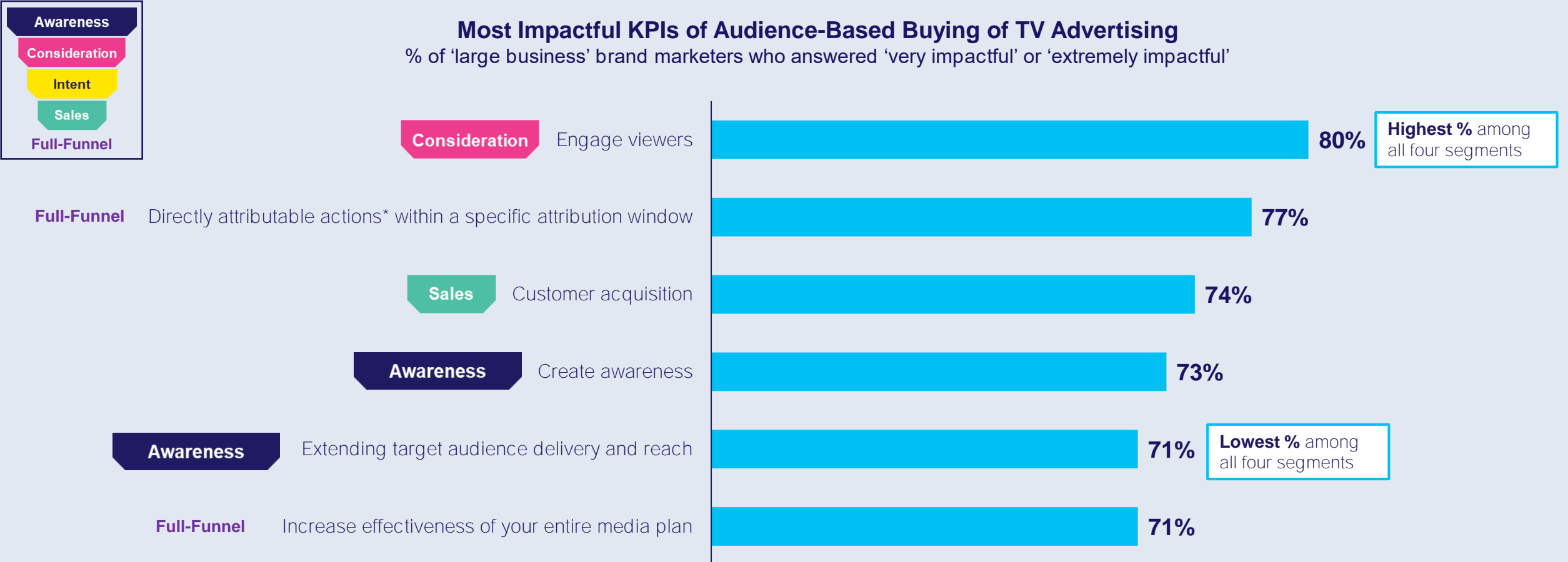
Driving Cost Efficiencies

46%

Highest %  
among all four  
segments

Source: VAB / Advertiser Perceptions ‘Audience-Based Buying Survey,’ March 23 – 31, 2021. Base: ‘Large’ Brand Marketers = business with annual total ad spend of \$5MM+. Q15. Please rank the 3 most important priorities for your video campaigns (rank 1-3). Top 3 on percentage are reflected.

# They are confident in audience-based TV buying's ability to impact the full funnel, utilizing it to strengthen their relationship with their customer



Source: VAB / Advertiser Perceptions 'Audience-Based Buying Survey,' March 23 – 31, 2021. Base: 'Large' Brand Marketers = business with annual total ad spend of \$5MM+. Q150. To what extent do you believe audience-based buying of TV advertising can impact each of the following KPIs? (extremely impactful / very impactful). \*Such as site visits, sign ups, login ins or downloads. Top 6 on percentage are reflected.

# Their belief in audience-based buying to drive full funnel outcomes has led them to boost spend during the economic uncertainties of COVID

▶ **64% of 'large business' brand marketers** said that 'COVID-19 has had a moderate to major impact on my TV campaign investment allocation between audience-based buying and traditional demographic-based buying'

## What percentage of your TV campaign is being activated via audience-based buying?

Base: 'large business' brand marketers

% of Budget	Current Plans	In 12 Months	Ideal Buy Allocation
0% - 30%	30%	16%	13%
31% - 70%	49%	56%	53%
<b>71%+</b>	<b>21%</b>	<b>29%</b>	<b>34%</b>
<i>Mean Average</i>	46%	57%	58%

**71%+ = Highest %**  
among all four segments

**71%+ = Highest %**  
among all four segments

**71%+ = Highest %**  
among all four segments

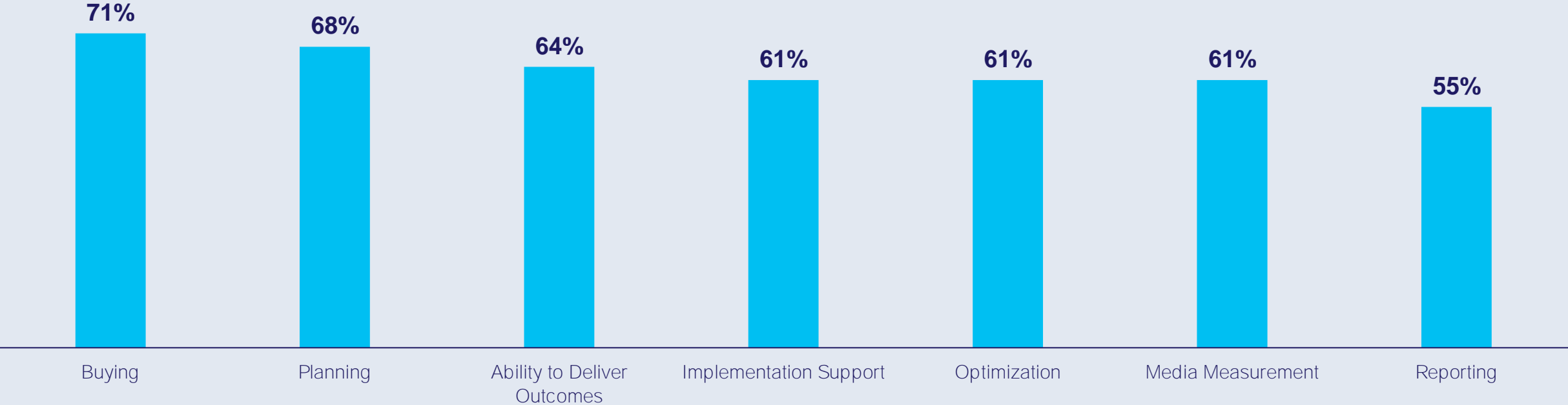
*'large business' brand marketers are more likely to allocate a higher share towards audience-based TV buying than any other segment*

How to read: 21% of 'large business' brand marketers are currently allocating 71% of their TV campaign budgets to audience-based buying vs. traditional demo-based buying.

Source: VAB / Advertiser Perceptions 'Audience-Based Buying Survey,' March 23 – 31, 2021. Base: 'Large' Brand Marketers = business with annual total ad spend of \$5MM+. Q58. Approximately what percentage of your (company's / main client's) TV campaign buys is being activated via audience-based buying versus traditional demographic/content-based buying? (Current, 12 Months from Now & Ideal) Q59. To what extent did COVID-19 impact your TV campaign investment allocation between audience-based buying and traditional demographic/content-based buying?

# 'Large business' brand marketers' 'end-to-end' experience with the audience-based buying TV process has largely been very positive

How satisfied are you with the following aspects of the audience-based buying process in TV advertising?  
% of 'large business' brand marketers who answered 'satisfied' or 'very satisfied'

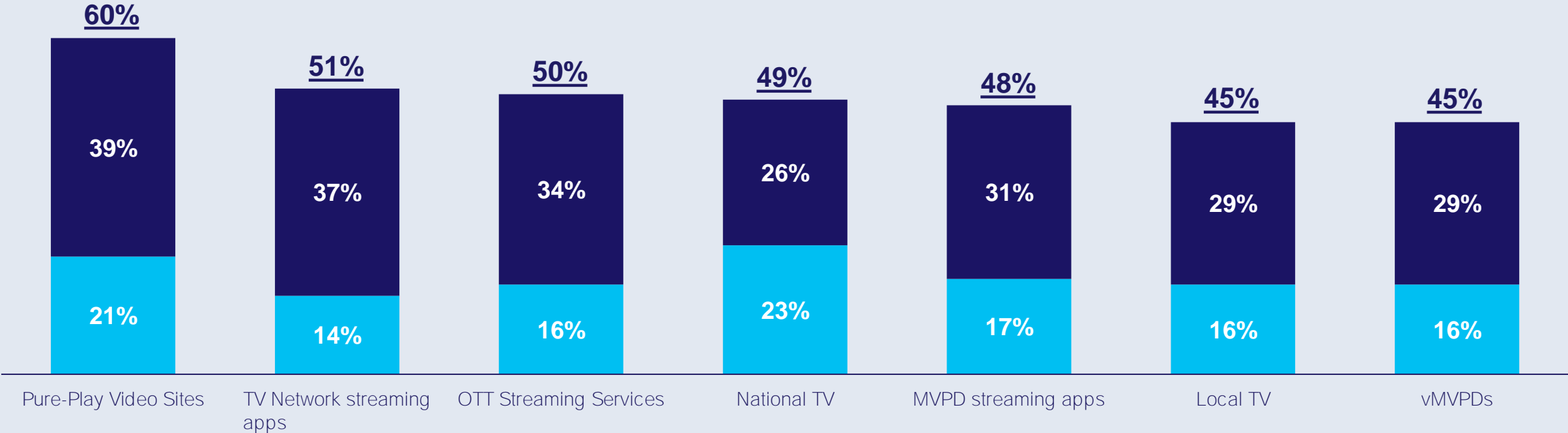


Source: VAB / Advertiser Perceptions 'Audience-Based Buying Survey,' March 23 – 31, 2021. Base: 'Large' Brand Marketers = business with annual total ad spend of \$5MM+. Q103. How satisfied are you with the following aspects of the audience-based buying process in TV advertising? (satisfied / very satisfied).

# However, despite their positive experience and increased investment, they are still more likely to apply an audience-based approach to their digital video buys – and less likely to use it on local campaigns

When buying each of the following video advertising tactics, how often are you doing so against specific audience targets (vs. age/gender demos)?  
% of 'large business' brand marketers

■ All the Time (100%) ■ Most of the Time (75%)



Source: VAB / Advertiser Perceptions 'Audience-Based Buying Survey,' March 23 – 31, 2021. Base: 'Large' Brand Marketers = business with annual total ad spend of \$5MM+. Q65. When buying each of the following video advertising tactics, how often are you buying against specific audience targets versus age/gender demos? OTT Streaming Services = Ad-Supported VOD including Hulu, The Roku Channel, Tubi, etc.; Pure-Play Video Sites = YouTube, Vimeo, etc.; vMVPDs = Live TV via IP including Sling TV, Hulu with live TV, YouTube, etc.; Local TV = cable via MVPDs; National TV = cable/broadcast.

## Summary: 'Large Business' Brand Marketers

- ▶ They care about their brand experience and would pay a premium, if necessary, to effectively reach and engage their desired consumer target
- ▶ They are confident in audience-based TV buying's ability to impact the full funnel, utilizing it to strengthen their relationship with their customers and engage their best prospects
- ▶ This confidence in audience-based buying led them to accelerate their spending during COVID with further share increases planned
- ▶ While their 'end-to-end' experience with audience-based buying has been positive, they are still more likely to apply an audience-first approach to their digital video buys at this point

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## **‘Small Business’ Brand Marketers: Defining Behaviors**

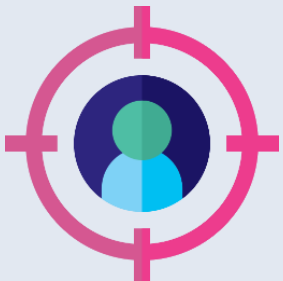


# Motivated to make every dollar count, 'small business' brand marketers highly prioritize ROI-based metrics when creating their video ad campaigns

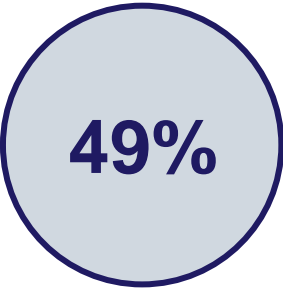
**Most Important Priorities for Video Campaigns**  
% of 'small business' brand marketers that ranked each between #1-3 in priority



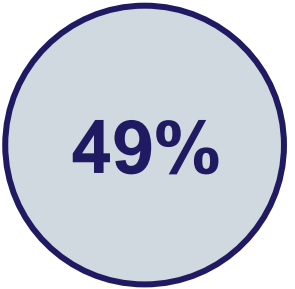
Optimizing Customer Acquisition Costs / Conversions



Reaching the Right Audience



Delivering Messages at the Right Moments



**Highest %**  
among all four segments

Source: VAB / Advertiser Perceptions 'Audience-Based Buying Survey,' March 23 – 31, 2021. Base: 'Small' Brand Marketers = business with annual total ad spend of \$10K - \$5MM. Q15. Please rank the 3 most important priorities for your video campaigns (rank 1-3). Top 3 on percentage are reflected.

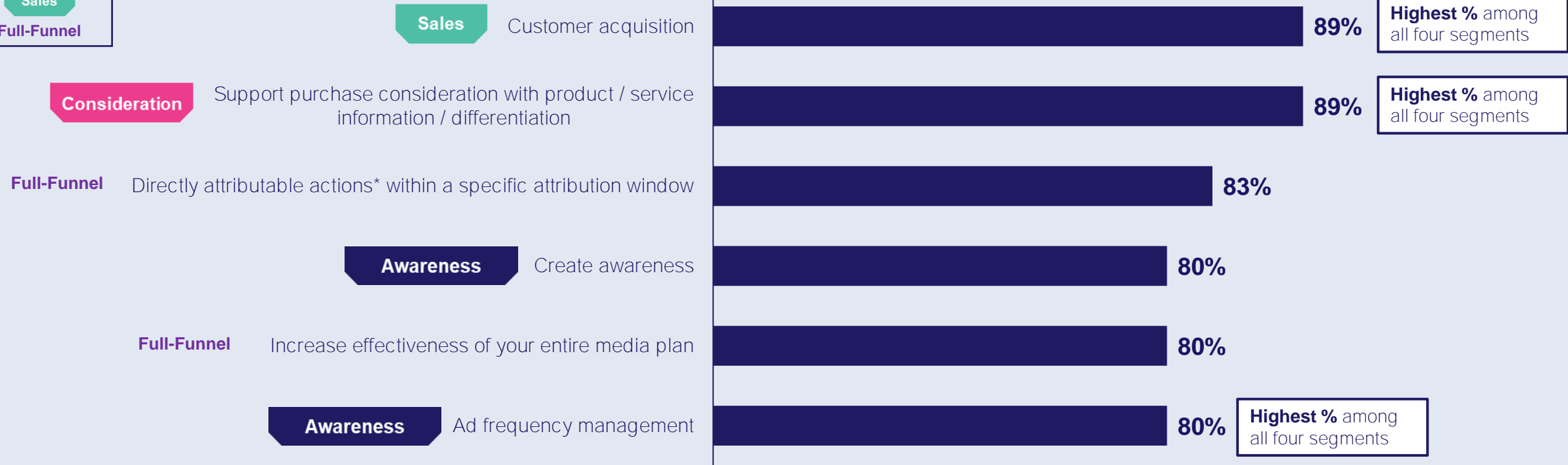
# Their experience with testing audience-based TV buying has proven its ability to generate new leads and in-store foot traffic

▶ ‘Small business’ brand marketers also had the highest percentage among all segments on ‘purchase / sales conversions’ (77%) and ‘foot traffic into brick-and-mortar’ locations (77%)



## Most Impactful KPIs of Audience-Based Buying of TV Advertising

% of ‘small business’ brand marketers who answered ‘very impactful’ or ‘extremely impactful’



Source: VAB / Advertiser Perceptions ‘Audience-Based Buying Survey,’ March 23 – 31, 2021. Base: ‘Small’ Brand Marketers = business with annual total ad spend of \$10K - \$5MM. Q150. To what extent do you believe audience-based buying of TV advertising can impact each of the following KPIs? (extremely impactful / very impactful). \*Such as site visits, sign ups, login ins or downloads. Top 6 on percentage are reflected.

# The ability of audience-based buying to drive consumer action is driving pronounced spending shifts, a move which was accelerated by COVID

- ▶ **77% of 'small business' brand marketers**, the highest of all segments, said that 'COVID-19 has had a moderate to major impact on my TV campaign investment allocation between audience-based buying and traditional demographic-based buying'

## What percentage of your TV campaign is being activated via audience-based buying?

Base: 'small business' brand marketers

% of Budget	Current Plans	In 12 Months	Ideal Buy Allocation
0% - 30%	23%	11%	9%
31% - 70%	69%	71%	71%
<b>71%+</b>	<b>9%</b>	<b>17%</b>	<b>20%</b>
<i>Mean Average</i>	45%	57%	59%

**31-70% = Highest %**  
among all four segments

**31-70% = Highest %**  
among all four segments

**31-70% = Highest %**  
among all four segments

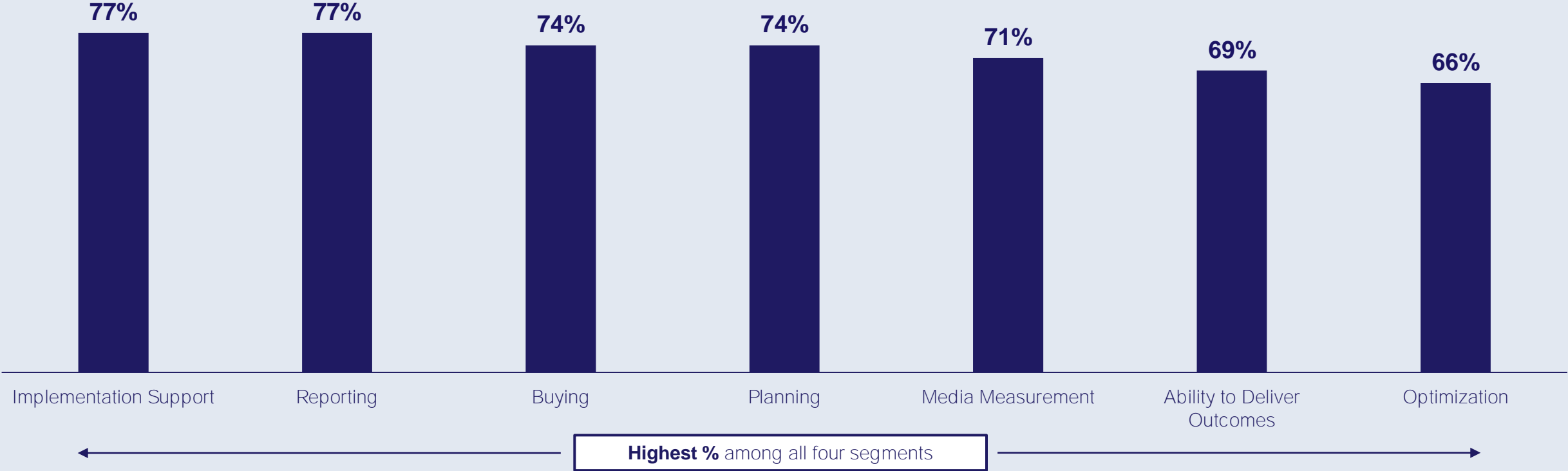
*'Small business' brand marketers are projected to see the largest share shift towards a higher investment in ABB among the four segments*

How to read: 9% of 'small business' brand marketers are currently allocating 71% of their TV campaign budgets to audience-based buying vs. traditional demo-based buying.

Source: VAB / Advertiser Perceptions 'Audience-Based Buying Survey,' March 23 – 31, 2021. Base: 'Small' Brand Marketers = business with annual total ad spend of \$10K - \$5MM. Q58. Approximately what percentage of your (company's / main client's TV campaign buys is being activated via audience-based buying versus traditional demographic/content-based buying? (Current, 12 Months from Now & Ideal) Q59. To what extent did COVID-19 impact your TV campaign investment allocation between audience-based buying and traditional demographic/content-based buying?

# 'Small business' brand marketing teams are often small and with limited resources, so they appreciate campaign support and the ability to receive metrics they cannot generate on their own

How satisfied are you with the following aspects of the audience-based buying process in TV advertising?  
% of 'small business' brand marketers who answered 'satisfied' or 'very satisfied'

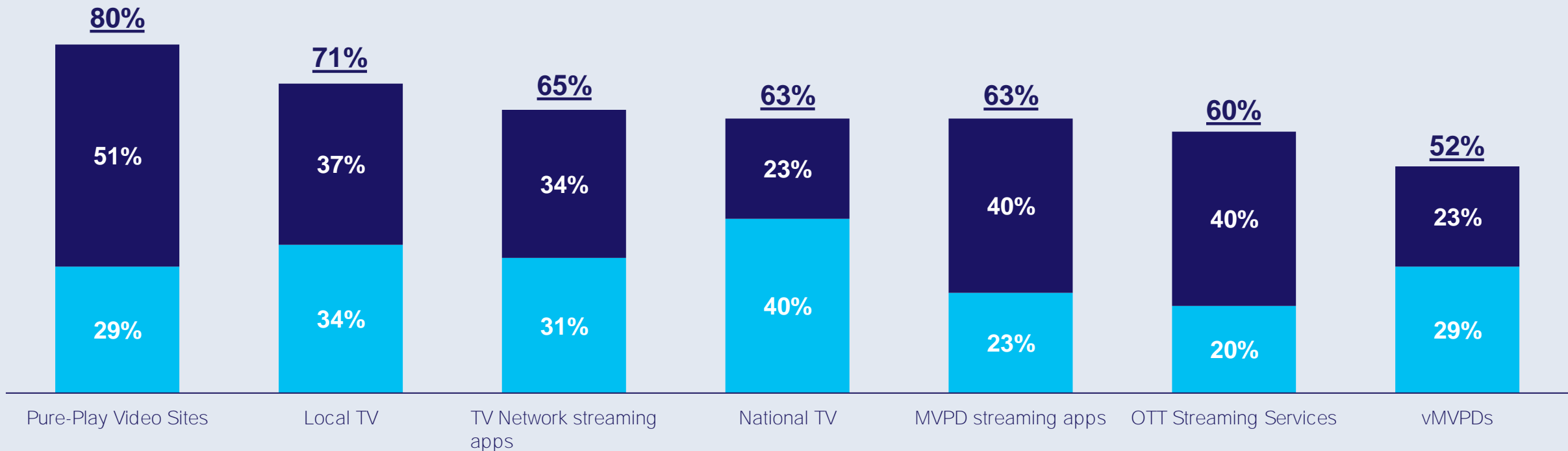


Source: VAB / Advertiser Perceptions 'Audience-Based Buying Survey,' March 23 – 31, 2021. Base: 'Small' Brand Marketers = business with annual total ad spend of \$10K - \$5MM. Q103. How satisfied are you with the following aspects of the audience-based buying process in TV advertising? (satisfied / very satisfied).

# Because of their more localized nature, ‘small business’ brand marketers are most likely to be implementing audience-based buys in local TV than other segments

When buying each of the following video advertising tactics, how often are you doing so against specific audience targets (vs. age/gender demos)?  
% of ‘small business’ brand marketers

■ All the Time (100%) ■ Most of the Time (75%)



Source: VAB / Advertiser Perceptions ‘Audience-Based Buying Survey,’ March 23 – 31, 2021. Base: ‘Small’ Brand Marketers = business with annual total ad spend of \$10K - \$5MM. Q65. When buying each of the following video advertising tactics, how often are you buying against specific audience targets versus age/gender demos? OTT Streaming Services = Ad-Supported VOD including Hulu, The Roku Channel, Tubi, etc.; Pure-Play Video Sites = YouTube, Vimeo, etc.; vMVPDs = Live TV via IP including Sling TV, Hulu with live TV, YouTube, etc.; Local TV = cable via MVPDs; National TV=cable/broadcast.



## Summary: **‘Small Business’ Brand Marketers**

- ▶ **Motivated to make every dollar count, they highly prioritize ROI-based metrics when creating their video ad campaigns**
- ▶ **Their experience with audience-based TV buying, particularly through ‘test-and-learn’ campaigns, has proven its ability to driven lower-funnel metrics like new lead generation and in-store foot traffic**
- ▶ **Accelerated by COVID, their belief in audience-based buying’s ability to deliver quantifiable consumer action is driving the largest spending shifts among any of the other segments**
- ▶ **Due to resource limitations, they work closely with their media partners to execute buys and appreciate the implementation and reporting support provided by them**
- ▶ **Due to their more localized nature, they are more likely than any other segment to implement audience-based buys through local TV and MVPD streaming apps**

4

## **'Large Business' Agency Professionals: Defining Behaviors**

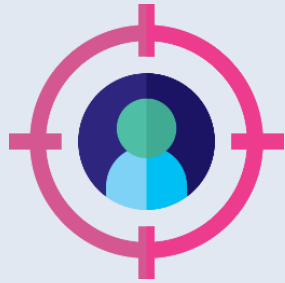


# For their video ad campaigns, 'large business' agency professionals prioritize metrics that traditional media is currently bought on - target reach, impressions delivery and cost efficiencies

► 'Large business' agency professionals also had the highest percentage among all segments on 'impressions delivery' (41%), which ranked 4<sup>th</sup>

## Most Important Priorities for Video Campaigns

% of 'large business' agency professionals that ranked each between #1-3 in priority



Reaching the Right Audience



Driving Cost Efficiencies



Optimizing Customer Acquisition Costs / Conversions

86%

Highest %  
among all four  
segments

54%

Highest %  
among all four  
segments

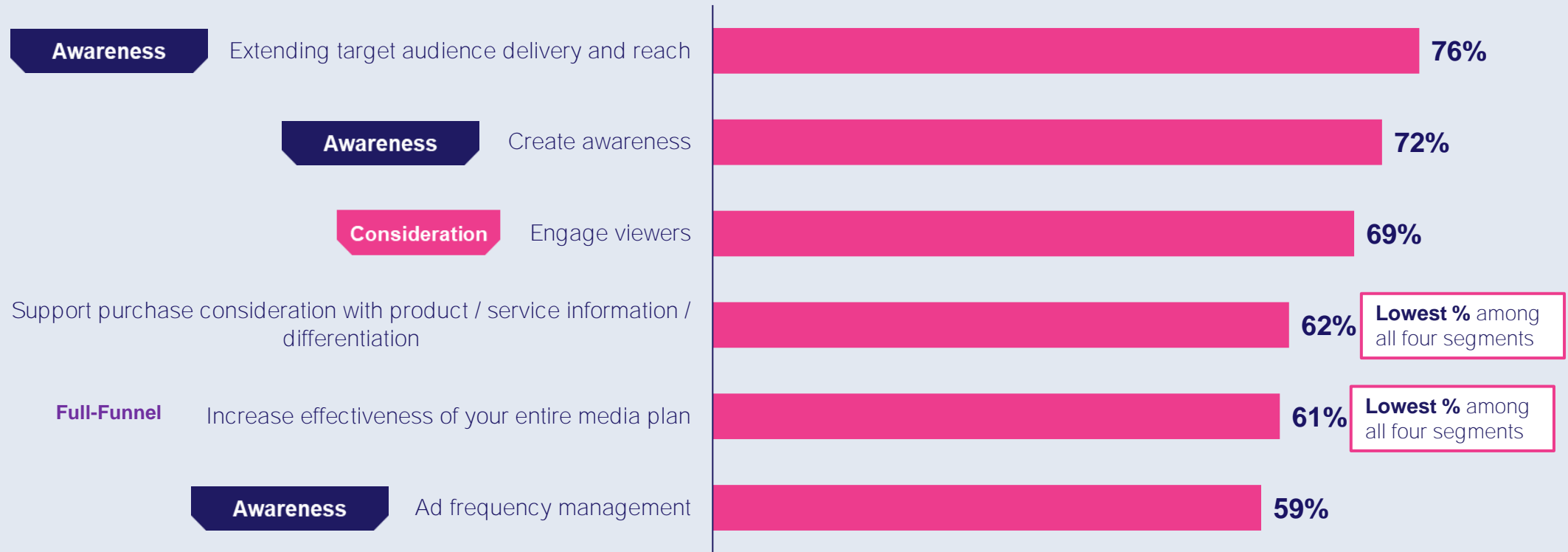
48%

Source: VAB / Advertiser Perceptions 'Audience-Based Buying Survey,' March 23 – 31, 2021. Base: 'Large business' agency professionals = client with annual total ad spend of \$5MM+. Q15. Please rank the 3 most important priorities for your video campaigns (rank 1-3). Top 3 on percentage are reflected.

# And they look to audience-based buying to replicate the delivery of those upper funnel, traditional media metrics like extended reach, awareness and engagement



**Most Impactful KPIs of Audience-Based Buying of TV Advertising**  
 % of 'large business' agency professionals who answered 'very impactful' or 'extremely impactful'



Source: VAB / Advertiser Perceptions 'Audience-Based Buying Survey,' March 23 – 31, 2021. Base: 'Large business' agency professionals = client with annual total ad spend of \$5MM+. Q150. To what extent do you believe audience-based buying of TV advertising can impact each of the following KPIs? (extremely impactful / very impactful). \*Such as site visits, sign ups, login ins or downloads. Top 6 percentages are reflected.

# While they lag slightly behind the other segments on share of ABB TV spend, they do have a goal of shifting over half their buys to this approach

▶ 45% of 'large business' agency professionals said that 'COVID-19 has had a moderate to major impact on my TV campaign investment allocation between audience-based buying and traditional demographic-based buying'

## What percentage of your TV campaign is being activated via audience-based buying?

Base: 'large business' agency professionals

% of Budget	Current Plans	In 12 Months	Ideal Buy Allocation
0% - 30%	35%	25%	17%
<b>31% - 70%</b>	<b>49%</b>	<b>56%</b>	<b>63%</b>
71%+	15%	18%	20%
<i>Mean Average</i>	43%	47%	54%

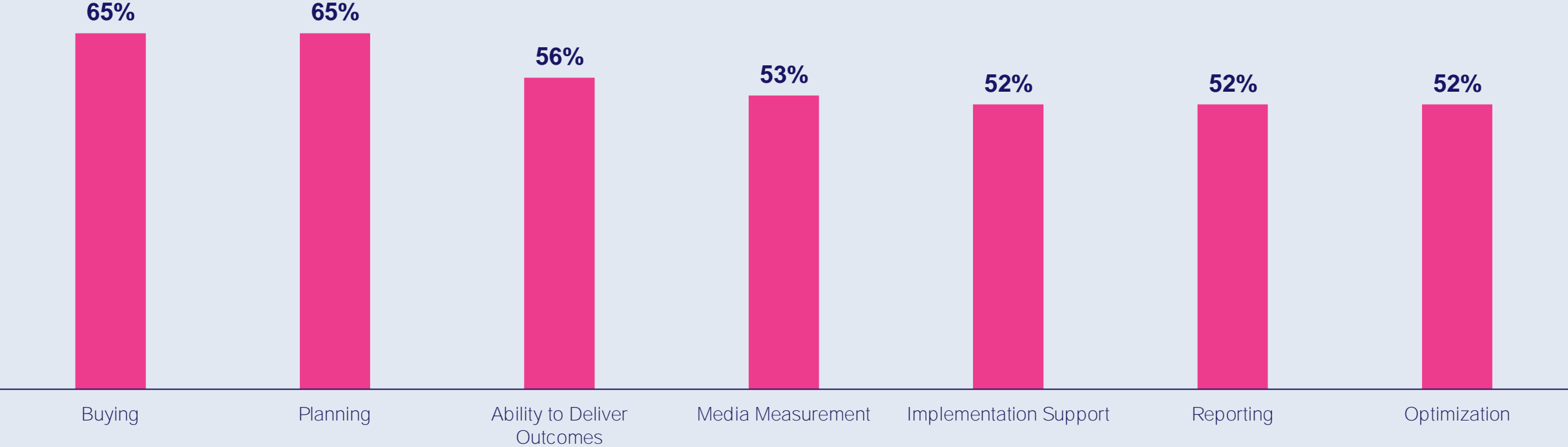
**0-30% = Highest %**  
among all four segments

How to read: 15% of 'large business' agency professionals are currently allocating 71% of their TV campaign budgets to audience-based buying vs. traditional demo-based buying.

Source: VAB / Advertiser Perceptions 'Audience-Based Buying Survey,' March 23 – 31, 2021. Base: 'Large business' agency pros = client with annual total ad spend of \$5MM+. Q58. Approximately what percentage of your (company's / main client's TV campaign buys is being activated via audience-based buying versus traditional demographic/content-based buying? (Current, 12 Months from Now & Ideal) Q59. To what extent did COVID-19 impact your TV campaign investment allocation between audience-based buying and traditional demographic/content-based buying?

# Much like their 'large' brand counterparts, 'large business' agency professionals' 'end-to-end' experience with the audience-based buying TV process has been positive

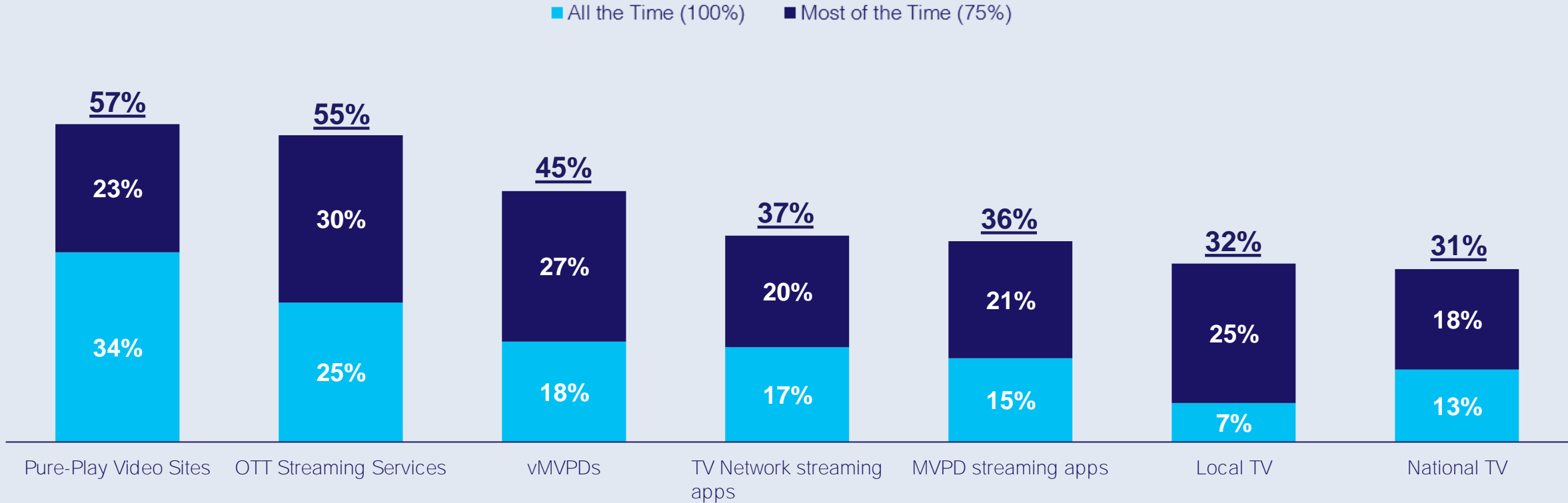
How satisfied are you with the following aspects of the audience-based buying process in TV advertising?  
% of 'large business' agency professionals who answered 'satisfied' or 'very satisfied'



Source: VAB / Advertiser Perceptions 'Audience-Based Buying Survey,' March 23 – 31, 2021. Base: 'Large business' agency professionals = client with annual total ad spend of \$5MM+. Q103. How satisfied are you with the following aspects of the audience-based buying process in TV advertising? (satisfied / very satisfied).

# Although their share of audience-based TV buying is growing, ‘large business’ agency professionals are still much more likely to be applying an audience-first approach to all facets of digital video and streaming

When buying each of the following video advertising tactics, how often are you doing so against specific audience targets (vs. age/gender demos)?  
% of ‘large business’ agency professionals



Source: VAB / Advertiser Perceptions ‘Audience-Based Buying Survey,’ March 23 – 31, 2021. Base: ‘Large business’ agency professionals = client with annual total ad spend of \$5MM+. Q65. When buying each of the following video advertising tactics, how often are you buying against specific audience targets versus age/gender demos? OTT Streaming Services = Ad-Supported VOD including Hulu, The Roku Channel, Tubi, etc.; Pure-Play Video Sites = YouTube, Vimeo, etc.; vMVPDs = Live TV via IP including Sling TV, Hulu with live TV, YouTube, etc.; Local TV = cable via MVPDs; National TV=cable/broadcast.



## Summary: ‘Large Business’ Agency Professionals

- ▶ They are much more likely to prioritize metrics that traditional media is currently bought on for their video ad campaigns including target reach, impressions delivery and driving cost efficiencies / savings, which is often how their performance is evaluated by their clients
- ▶ Likely due to their client composition – i.e., larger brands focused on brand building – they utilize audience-based buying to replicate the delivery of upper-funnel, traditional media metrics like incremental reach, awareness and engagement
- ▶ While their buying tactics were less impacted by the economic uncertainty from COVID than brand marketers, they are accelerating their shift to audience-based TV buying as well with a goal of having over half their buys being implemented by this approach
- ▶ Although their audience-based TV buying investment is increasing, they are still much more focused on implementing this approach through their digital video and streaming buys

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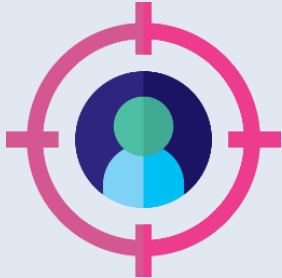
**'Small Business' Agency  
Professionals: Defining Behaviors**



# Similar to their ‘large’ agency counterparts, ‘small business’ agency professionals prioritize metrics that traditional media is currently bought on – target reach and efficiencies – for their video ad campaigns

## Most Important Priorities for Video Campaigns

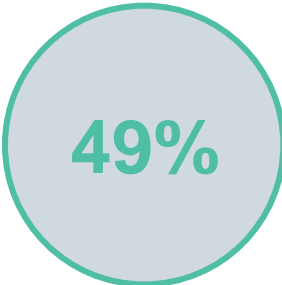
% of ‘small business’ agency professionals that ranked each between #1-3 in priority



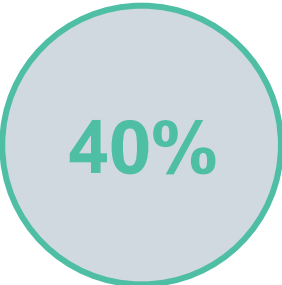
Reaching the Right Audience



Driving Cost Efficiencies



Optimizing Customer Acquisition Costs / Conversions

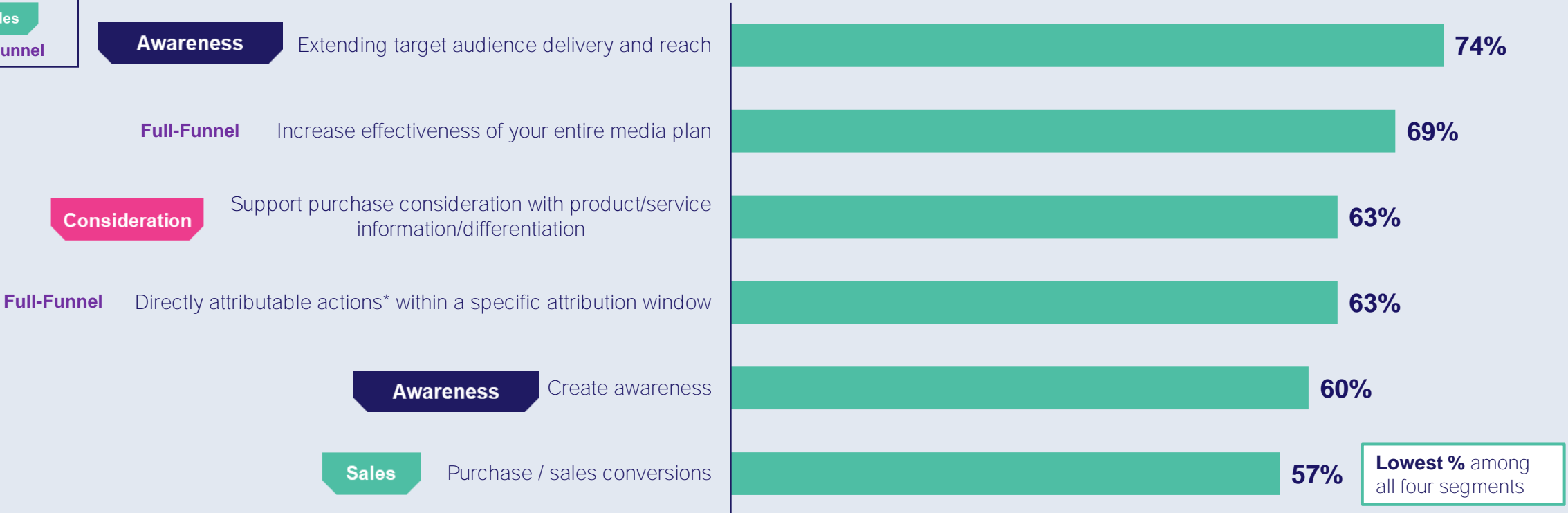


Source: VAB / Advertiser Perceptions ‘Audience-Based Buying Survey,’ March 23 – 31, 2021. Base: ‘Small business’ agency professionals = client with annual total ad spend of \$10K - \$5MM. Q15. Please rank the 3 most important priorities for your video campaigns (rank 1-3). Top 3 on percentage are reflected.

# While they understand that outcomes are an important benefit of audience-based buying, 'small business' agency pros are still placing a priority on the measures they are evaluated on – plan delivery, reach and awareness



**Most Impactful KPIs of Audience-Based Buying of TV Advertising**  
 % of 'small business' agency professionals who answered 'very impactful' or 'extremely impactful'



Source: VAB / Advertiser Perceptions 'Audience-Based Buying Survey,' March 23 – 31, 2021. Base: 'Small business' agency professionals = client with annual total ad spend of \$10K - \$5MM. Q150. To what extent do you believe audience-based buying of TV advertising can impact each of the following KPIs? (extremely impactful / very impactful). \*Such as site visits, sign ups, login ins or downloads. Top 6 percentages are reflected.

# With the highest percent currently in a ‘test-and-learn’ phase, ‘small business’ agency professionals have the greatest potential for growth across all segments

▶ **43% of ‘small business’ agency professionals** said that ‘COVID-19 has had a moderate to major impact on my TV campaign investment allocation between audience-based buying and traditional demographic-based buying’

## What percentage of your TV campaign is being activated via audience-based buying?

Base: ‘small business’ agency professionals

% of Budget	Current Plans	In 12 Months	Ideal Buy Allocation
0% - 30%	34%	31%	20%
31% - 70%	49%	46%	54%
<b>71%+</b>	<b>17%</b>	<b>23%</b>	<b>26%</b>
<i>Mean Average</i>	45%	49%	55%

0-30% = Highest % among all four segments

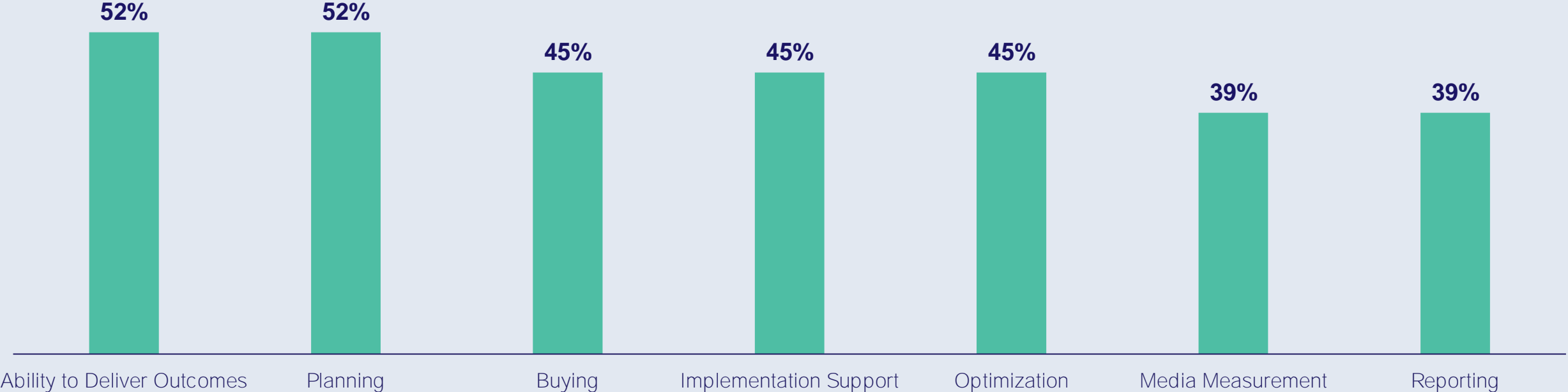
0-30% = Highest % among all four segments

How to read: 17% of ‘small business’ agency professionals are currently allocating 71% of their TV campaign budgets to audience-based buying vs. traditional demo-based buying.

Source: VAB / Advertiser Perceptions ‘Audience-Based Buying Survey,’ March 23 – 31, 2021. Base: ‘Small business’ agency professionals = client with annual total ad spend of \$10K - \$5MM. Q58. Approximately what percentage of your (company’s / main client’s TV campaign buys is being activated via audience-based buying versus traditional demographic/content-based buying? (Current, 12 Months from Now & Ideal) Q59. To what extent did COVID-19 impact your TV campaign investment allocation between audience-based buying and traditional demographic/content-based buying?

# And as they ‘test’ audience-based buying, ‘small business’ agency professionals have become most satisfied with its ability to deliver results

How satisfied are you with the following aspects of the audience-based buying process in TV advertising?  
% of ‘small business’ agency professionals who answered ‘satisfied’ or ‘very satisfied’

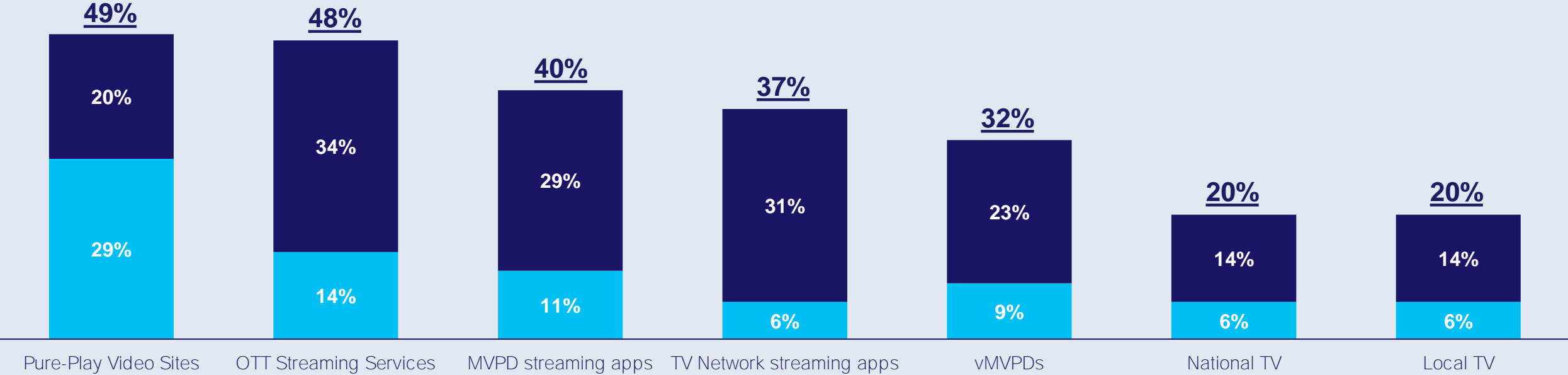


Source: VAB / Advertiser Perceptions ‘Audience-Based Buying Survey,’ March 23 – 31, 2021. Base: ‘Small business’ agency professionals = client with annual total ad spend of \$10K - \$5MM. Q103. How satisfied are you with the following aspects of the audience-based buying process in TV advertising? (satisfied / very satisfied).

# Similar to 'large' agency professionals, 'small business' agency pros are more likely to apply an audience-first approach to digital video than TV

When buying each of the following video advertising tactics, how often are you doing so against specific audience targets (vs. age/gender demos)?  
 % of 'small business' agency professionals

■ All the Time (100%) ■ Most of the Time (75%)



Source: VAB / Advertiser Perceptions 'Audience-Based Buying Survey,' March 23 – 31, 2021. Base: 'Small business' agency professionals = client with annual total ad spend of \$10K - \$5MM. Q65. When buying each of the following video advertising tactics, how often are you buying against specific audience targets versus age/gender demos? OTT Streaming Services = Ad-Supported VOD including Hulu, The Roku Channel, Tubi, etc.; Pure-Play Video Sites = YouTube, Vimeo, etc.; vMVPDs = Live TV via IP including Sling TV, Hulu with live TV, YouTube, etc.; Local TV = cable via MVPDs; National TV=cable/broadcast.

## Summary: 'Small Business' Agency Professionals

- ▶ Similar to 'large business' agency professionals, they prioritize metrics that traditional media is currently being bought on for their video ad campaigns – target reach and efficiencies
- ▶ Even though they understand outcomes are an important benefit of audience-based buying, they still place a priority on the media measures that their agency performance is being evaluated on by their clients such as plan delivery and reach
- ▶ With the highest percent of all segments currently still in a 'test-and-learn' phase, audience-based TV buying has the highest potential for TV campaign share growth among 'small business' agency professionals
- ▶ The ability to deliver outcomes achieves the highest level of satisfaction as they 'test' audience-based buying because this is ultimately what the client values
- ▶ Also similar to their 'large' agency counterparts, they are more likely to apply an audience-first approach to digital video than TV

# There's a bit of a disconnect between agencies and their clients on campaign metric prioritization, with agencies much more focused on media measures since that is what they are primarily evaluated on by their clients

**Most Important Priorities for Video Campaigns**  
 % of respondents that ranked each between #1-3 in priority

## 'Large' Brand Marketers

When developing video ad campaigns, the goal of 'large business' brand marketers is to deliver an engaging message to the right person

Reaching the Right Audience **64%**

Delivering Engaging Creative **46%**

Driving Cost Efficiencies **46%**

## 'Small' Brand Marketers

Motivated to make every dollar count, 'small business' brand marketers highly prioritize ROI-based metrics when creating their video ad campaigns

Optimizing Customer Acquisition Costs / Conversions **51%**

Reaching the Right Audience **49%**

Delivering Messages at the Right Moments **49%**

## 'Large Business' Agency Pros

'Large business' agency professionals are much most likely to prioritize metrics that traditional media is currently bought on - reach, impressions and cost efficiencies

Reaching the Right Audience **86%**

Driving Cost Efficiencies **54%**

Optimizing Customer Acquisition Costs / Conversions **48%**

## 'Small Business' Agency Pros

'Small business' agency professionals prioritize metrics that traditional media is currently bought on – target reach and efficiencies – for their video ad campaigns

Reaching the Right Audience **80%**

Driving Cost Efficiencies **49%**

Optimizing Customer Acquisition Costs / Conversions **40%**

Source: VAB / Advertiser Perceptions 'Audience-Based Buying Survey,' March 23 – 31, 2021. 'Large' Brand Marketers = business with annual total ad spend of \$5MM+, 'Small' Brand Marketers = business with annual total ad spend of \$10K - \$5MM, 'Large Business' Agency Professionals = client with annual total ad spend of \$5MM+, 'Small Business' Agency Professionals = client with annual total ad spend of \$10K - \$5MM. Q15. Please rank the 3 most important priorities for your video campaigns (rank 1-3). Top 3 on percentage are reflected.

# Three Key Learnings



## Different Campaign Priorities of Brands & Agencies

Brands utilize audience-based buying to engage consumers and drive business outcomes, while agencies are more likely to utilize audience-based buying to achieve media deliveries that **will meet, or exceed, their clients' goals**

## Full Funnel Appeal of Audience-Based Buying

Audience-based buying can deliver meaningful impact against a variety of KPIs; most brand marketers value its attribution abilities throughout the funnel, while agency professionals are more likely to focus on upper-funnel and traditional media metrics

## Commitment to Increased Investment in the Future

There is a high level of brand & agency satisfaction across all steps of the process and each segment is planning to increase their investment in audience-based buying for future campaigns

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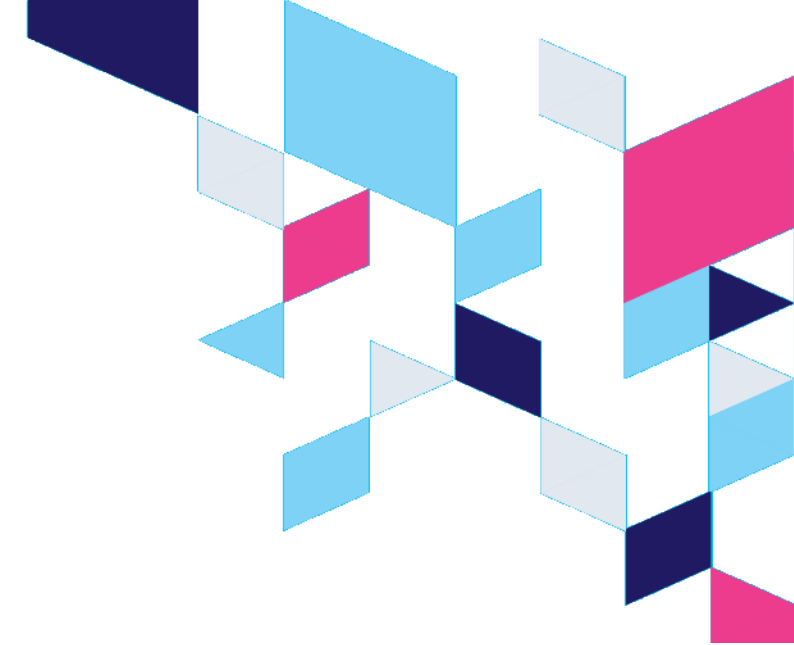
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### **The VAB Top 10**

A Top-Line View of How the Industry is Adopting Audience-Based Buying



### **Proven Strategies & Tactics in Audience-Based TV Buying**

Success Stories Highlighted Through Real-World Case Studies



### **Audience Migration in Context**

Leveraging Population Shifts To Unlock \$4 Trillion in Buying Power



### **What Is Audience-Based Buying?**

Simplifying Marketing Topics and Terms



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# About VAB

VAB is an insights-driven organization that inspires marketers to reimagine their media strategies resulting in fully informed decisions.

Drawing on our marketing expertise, we **simplify** the complexities in our industry and **discover** new insights that **transform** the way marketers look at their media strategy.

## Simplify

We save you time by bringing you the latest data & actionable takeaways you can use to inform your marketing plans.

## Discover

We keep you one step ahead with the latest thinking so you can create innovative, forward-looking strategies.

## Transform

We help you build your brand by focusing on core marketing principles that will help drive tangible business outcomes.

We are committed to your business growth and proud to offer VAB members, brand marketers and agencies **complimentary access** to our continuously-growing Insights library. **Get immediate access** at [theVAB.com](https://theVAB.com).





# Custom Study Methodology



VAB commissioned *Advertiser Perceptions* to conduct an online survey between March 23 – March 31, 2021.

The results are based on 211 U.S. respondents of brand marketer and agency contacts from Advertiser Perceptions' Ad Pros Community with a wide range of annual total advertising budgets (\$10K - \$250 MM+) across a variety of market sectors (e.g., retail, financial, auto, food / dining, healthcare, technology, entertainment, etc.)

## Respondent Qualifications:

- ▶ Advertising decision maker involved in TV and/or digital video advertising campaigns
- ▶ National / Regional sales focus
- ▶ Mix of job titles (junior, mid, senior level)
- ▶ Mix of independent ad agencies and holding companies